

1 MS. WAXMAN: Thank you.

2 Whereupon,

3 MIGUEL VIAS

4 was recalled as a witness and, having been

5 previously duly sworn, was examined and

6 testified further as follows:

7 EXAMINATION

8 BY MS. WAXMAN:

9 Q Mr. Vias, do you understand that you
10 remain under oath during today's testimony?

11 A Yes.

12 Q Let the record reflect that what was
13 previously marked as Exhibit 15, copy of the
14 form 1662, will be available during today's
15 testimony. Before we start with additional
16 questions, do you have any questions?

17 A No.

18 Q Mr. Vias, did Ripple try to get an
19 XRP futures product established?

20 A Yes.

21 Q And when did that start?

22 A Early 2018, rough estimate around
23 there.

24 Q Early 2018. Could it have been
25 earlier?

1 A Possibly.

2 Q Why did they do that -- or did you
3 want to change your answer about the timing?

4 A No. I was just thinking.

5 Q I may have some documents that will
6 help us pin point the actual date. It's not
7 important right now.

8 A Okay.

9 Q Was that one of your
10 responsibilities?

11 A Yes.

12 Q Okay. And why did Ripple try to get
13 an XRP futures product established?

14 A It's a critical component of a
15 well-established or mature market. It's a
16 hedging product. So it's important for market
17 development.

18 Q Okay. Does an XRP future have any
19 relation to xRapid or the use of xRapid?

20 A Not in its current form, no.

21 Q So would it help speculation in
22 XRP --

23 (Brief interruption.)

24 BY MS. WAXMAN:

25 Q So I'll ask the question again. Does

1 an XRP future have any relationship to xRapid?

2 A In its current form, no.

3 Q So how would the XRP future -- you
4 said it would help the -- establish a market.
5 Is there a specific part of the market?

6 A So if you look at, like, a gold or a
7 crude oil market where you have an established
8 futures contract and an established OTC
9 market, you will have arbitrage between the
10 two. You will have some folks who can't
11 access the spot market but can access the
12 futures market. So it expands the possible
13 participants. It's a way to generated more
14 volume to increase market size.

15 Q Is it a way to generate more
16 speculative volume?

17 A I mean, it can, but that's not -- in
18 general, futures will let you do two things,
19 speculate and hedge.

20 Q And with respect on an XRP future,
21 was the goal to create more speculative value?

22 A Not precisely. The goal is really
23 just to create more volume, whether that was
24 speculative, market maker, hedging.

25 Q Okay. Are you familiar with an

1 entity called [REDACTED]

2 A Yes.

3 Q Okay. And did Ripple enter into an
4 agreement with them with respect to the XRP
5 futures?

6 A I think so. I think that was before
7 I joined.

8 Q Okay. So what's your familiarity
9 with that entity?

10 A They are a futures platform or
11 derivatives platform out of London. Yeah.

12 Q Okay. Did you have ever have any
13 communications or discussions with anyone
14 associated with [REDACTED]?

15 A Yes.

16 Q Okay. And why?

17 A So that would have been early on,
18 2017. I think they were one of the first
19 entities, futures platforms, that I had a
20 relationship with.

21 Q What was the relationship?

22 A At first, it was just simply a kind
23 of relationship management. The [REDACTED] who had
24 worked on my team was a previous relationship
25 manager, and when I came on board, kind of

1 pass that on to me.

2 Q What was the goal of the
3 relationship? What was the primary purpose of
4 your discussions with them?

5 A So they had -- if I remember
6 correctly, they already had the XRP futures
7 contract on the platform, and there wasn't a
8 specific goal in mind with [REDACTED]
9 that I can remember. It was more of just
10 ecosystem management or relationship
11 management, sort of knowing the players in the
12 ecosystem.

13 Q So in connection with the previously
14 established XRP future on their platform,
15 did -- do you know if Ripple entered into an
16 agreement with them in connection with that?

17 A I think there was.

18 Q And what agreement did they enter
19 into?

20 A I don't remember the specifics.

21 Q Okay. And then in connection with
22 your conversations in 2017, did Ripple enter
23 into a subsequent agreement or an amendment
24 with [REDACTED]?

25 A I don't remember.

1 Q Okay. Well, we may be able to
2 refresh your memory on that. Since [REDACTED]
3 [REDACTED] already had an XRP future in its
4 platform prior to your conversations with
5 them -- sorry if I asked this earlier -- what
6 was the purpose of the 2017 conversations?

7 A In -- they were one of the platforms
8 that supported XRP. It was important to
9 remain in touch, have a relationship. It was
10 more relationship management. I don't
11 remember there being a goal or a specific
12 project or anything of that nature.

13 Q Did you --

14 MR. CERESNEY: Was your question
15 about --

16 MS. WAXMAN: Sorry.

17 BY MS. WAXMAN:

18 Q Did you ask [REDACTED] to
19 assist Ripple in getting an XRP futures
20 product listed at the CME?

21 A Thank you. So they -- I don't
22 remember if we asked them to help us with the
23 listing on the [REDACTED] but I do know they
24 provided indices for, if I remember correctly,
25 they calculated the indices for the Bitcoin

1 future. So we were trying to do the same
2 thing for XRP, basically have the [REDACTED]
3 [REDACTED] -- be used -- index be used as the
4 settlement methodology or settlement price,
5 really, for a possible futures contract.

6 (Reporter asked for clarification.)

7 BY MS. WAXMAN:

8 Q And what index was [REDACTED]
9 using at the time in connection with their
10 previously-established future?

11 A It's a proprietary index. I don't
12 know the calculation methodology. I think
13 they used three or four exchanges and had some
14 sort of a calculation to come up with the
15 price.

16 Q And did the index previously used
17 include a USD XRP price?

18 A Sorry. I meant the Bitcoin. I was
19 talking about the Bitcoin one.

20 Q No. My question was specific to the
21 index for the XRP future that was trading on
22 the platform in 2016.

23 A I don't know. I don't remember
24 that.

25 Q Okay.

1 A Yeah.

2 Q So if I understood you correctly,
3 you wanted [REDACTED] at [REDACTED] to
4 provide an index for XRP?

5 A Mm-hm.

6 MR. CERESNEY: Say "yes" or "no."

7 THE WITNESS: Yes. I'm sorry.

8 BY MS. WAXMAN:

9 Q And did you provide any assistance
10 to them in connection with that?

11 A Not that I remember.

12 Q Okay.

13 A Assistance?

14 MR. CERESNEY: What do you mean by
15 assistance?

16 MS. WAXMAN: Guidance. I'll ask a
17 more specific question.

18 BY MS. WAXMAN:

19 Q Did you tell [REDACTED] that you wanted the
20 index to include a USD price?

21 A Yeah. It was a -- the goal was a
22 USD future. So it had to include the USD
23 price.

24 Q Okay. Okay. Going back to earlier,
25 you said -- we spoke about -- there was a --

1 you wanted to get an XRP future listed. Did
2 you wanted to get it listed at [REDACTED]?

3 A Yes.

4 Q Why specifically [REDACTED]

5 A They had -- they were gonna list the
6 Bitcoin future or at least that was -- at
7 least in early '17, it was rumored or had been
8 announced. I can't quite remember. No other
9 established exchange was doing that. So they
10 were really the only choice from an
11 established exchange perspective in the US.

12 Q Were there -- using your term,
13 nonestablished exchanges that had an XRP
14 future?

15 A Well, [REDACTED] was one,
16 much smaller.

17 Q And outside the US.

18 A Yeah, outside the US.

19 (SEC Exhibit No. 35 was
20 marked for
21 identification.)

22 BY MS. WAXMAN:

23 Q Showing you what has been marked as
24 Exhibit 35. Take a moment to review it, and
25 let me know when you're done.

1 A Okay.

2 Q Turn to the second page of the
3 document, middle of the page. It starts with,
4 "This is what we need to do --" is -- this is
5 what you need to do for what? What are you
6 talking about there?

7 A This is a road map for getting a [REDACTED]
8 future launched.

9 Q Okay. So the first one says, "Get
10 established market maker to provide and put in
11 XRP and advocate for XRP [REDACTED] and
12 the [REDACTED]" Why was Coinbase and [REDACTED] important
13 partners in connection with XRP future?

14 A US dollars cross. So both Coinbase
15 and [REDACTED] are in the States, and US dollar
16 crosses against Bitcoin. Having one against
17 US on XRP would be helpful.

18 Q And were you able to get market
19 makers to advocate for XRP at Coinbase?

20 A No.

21 Q What about [REDACTED]?

22 A Not that I remember.

23 Q What about at the [REDACTED]?

24 A No.

25 Q Did [REDACTED] advocate for the

1 establishment of an XRP future at the [REDACTED]

2 MR. CERESNEY: If you know.

3 THE WITNESS: Yeah, I don't remember
4 that.

5 BY MS. WAXMAN:

6 Q Okay. Maybe there is some documents
7 that we can look at that will refresh your
8 memory. Did you enter into an agreement with
9 [REDACTED]?

10 A No.

11 Q It says under number three, "Work
12 with the [REDACTED] to publish the index in Q-1." Can
13 you tell me what you meant by working with the
14 [REDACTED]?"

15 A Basically, I worked at the [REDACTED]
16 before. I had a decent relationship with them,
17 just basically offer them any help that we
18 could to them. If we could be helpful with
19 the XRP in this, we would be. I didn't have
20 any specifics in mind.

21 Q Did you ask any of XRP's OTC buyers
22 to advocate for the listing -- for the index
23 on the listing on [REDACTED]?"

24 A I don't remember.

25 Q Okay. And you said that Ripple

1 didn't enter into an agreement with [REDACTED]
2 correct?

3 A Correct.

4 Q Did you take steps to try to enter
5 into an agreement with them?

6 A We did.

7 Q And when did that first start?

8 A Late 2017, early 2018.

9 Q Was it in connection with the goal
10 to get an XRP future in [REDACTED]?

11 A It dove tailed. That wasn't
12 necessarily the goal for the [REDACTED] engagement.

13 Q Okay. And so, ultimately, why
14 didn't that deal come together?

15 A I don't remember the specifics as to
16 why it didn't happen. I just remember it kind
17 of fading away somehow.

18 Q Okay. And did the [REDACTED] eventually
19 list an XRP futures contract?

20 A No.

21 Q Do you know why not?

22 A I'm just struggling with the
23 eventually. I know it didn't at the time. I
24 don't know why they haven't since.

25 Q That's fine. Thank you for

1 clarifying. At the time that you were
2 discussing this with them, why did they pass
3 on the future?

4 A So they didn't -- they didn't
5 publish the index. That's the first step
6 to -- they wouldn't publish the index. They
7 felt there wasn't clarity around XRP's status
8 as a security or not.

9 Q Okay. Why -- first, why didn't they
10 publish the index?

11 A For that reason.

12 Q For what reason?

13 A They -- they didn't feel comfortable
14 publishing the index because they didn't feel
15 like there was clarity around XRP being a
16 security or not.

17 Q I thought they were two separate
18 things.

19 MR. CERESNEY: You learned this from
20 [REDACTED] people.

21 THE WITNESS: From [REDACTED] people, yes.

22 BY MS. WAXMAN:

23 Q And when did you learn this from
24 them?

25 A I'm not gonna remember the exact

1 timing. I think it was middle of 2018 --
2 early, mid-2018, I had a few conference calls
3 with the product team and their legal team if
4 I'm correct.

5 Q Okay. And did they explain to
6 you -- did they feel that FRP could be a
7 security?

8 A They didn't offer an opinion. They
9 asked us for any documentation, legal opinion
10 from us.

11 Q Sorry. I didn't hear. Did they ask
12 you for any documentation? Did you they ask
13 you for a legal opinion?

14 A I believe they did, yes.

15 Q Did Ripple provide one?

16 A I don't believe we did.

17 Q Why not?

18 MR. CERESNEY: This is likely -- I'm
19 speculating you're getting involved in
20 discussions with counsel.

21 So other than discussions with
22 counsel, do you know the answer to that.

23 THE WITNESS: No.

24 BY MS. WAXMAN:

25 Q Okay. Did you have a discussion

1 with anyone at the [REDACTED] regarding XRP's status
2 as a security or their concerns related to,
3 you know, publishing an index?

4 A You mean without counsel present?

5 Q Well --

6 MR. CERESNEY: Well, if you're
7 having a discussion with [REDACTED] even if
8 counsel's present, it's likely not privileged
9 because you're talking to a third party.

10 So you can answer that question if
11 you remember those discussions.

12 THE WITNESS: Yeah. I did, yes.

13 BY MS. WAXMAN:

14 Q Okay. How many discussions did you
15 have?

16 A I don't remember.

17 Q Were they in-person or over the
18 phone?

19 A Over the phone.

20 Q Okay. And who was on the call?

21 A I'm not gonna remember.

22 Q Okay. Do you remember who was on
23 the call from Ripple?

24 A Myself; a few times, counsel.

25 Q Ripple counsel?

1 A Yes, Ripple counsel. I can't
2 remember who else from Ripple.

3 Q Do you remember what specific
4 counsel -- which counsel?

5 A Sameer Dhond and I think [REDACTED]

6 Q [REDACTED]?

7 A [REDACTED]

8 MR. CERESNEY: She's also in-house
9 lawyer.

10 BY MS. WAXMAN:

11 Q And who was on the call from the
12 [REDACTED]

13 A I'm not gonna remember.

14 Q Okay. So what was discussed during
15 that call?

16 A The particular call was their
17 legal -- basically trying to get more clarity
18 around our position with respect to XRP being
19 a security or not.

20 Q Did they ask specific questions?

21 A Yes.

22 Q Strike that. What information did
23 Ripple relay during the call?

24 A I'm paraphrasing. It was long time
25 ago, but that XRP wasn't a security.

1 Q Did you explain why you had that
2 position?

3 A I can't remember.

4 Q Okay. Did they give their views on
5 the issue?

6 A No.

7 Q Okay. Go back to the document,
8 Exhibit 35, a little further up on that page,
9 the section that starts, "Or a situation
10 around future exchange is very different --"
11 first bullet point says, "We don't need many
12 futures exchanges listing XRP in numerous
13 currencies in order in help advance because
14 futures are not core to the use case." What
15 did you mean by that sentence?

16 A So you wouldn't be using a futures
17 contract the way you use XRP in rapid flow,
18 right. You're not gonna buy it, send it, and
19 sell it in the same way. So it's not core to
20 that value transfer in each case.

21 Q So this is what we were talking
22 about earlier today?

23 A Right.

24 Q That -- did you also have
25 discussions with [REDACTED] regarding the creation

1 of an XRP future?

2 A I did.

3 Q And did that lead anywhere?

4 A No.

5 Q Why not?


6 A They just -- we had two or three

7 calls, but there just wasn't very much

8 interest from their side.

9 Q And do you know why there was little
10 interest?

11 A They didn't know whether they wanted
12 to do anything crypto broadly.

13 Q On page -- towards the end, there is
14 a Bates stamp number on the bottom, says
15 45387. There are other platforms that are
16 listed. Did you have conversations with 
17 regarding futures?

18 A I did.

19 Q And what happened with those
20 conversations?

21 A Nothing.

22 Q And were they interested in a
23 future?

24 A Initially, there was some high level
25 of interest and didn't really materialize into

1 anything.

2 Q Do you know?

3 A Yes. I don't actually know why.

4 Q Okay. Same question for [REDACTED] did
5 you have conversations with them about the
6 future?

7 A I think. I don't remember -- it
8 wasn't -- I think I had one conversation with
9 [REDACTED] and that was it. I tried to follow
10 up, and there was no follow up. So I just
11 dropped it.

12 Q The e-mail says that [REDACTED] was the
13 second largest futures exchange. Would you
14 want a future to be listed on [REDACTED]

15 A Yes.

16 Q Because I notice in the e-mail
17 earlier, you said that that was beneficial,
18 first was [REDACTED] and then [REDACTED] If you go back to
19 the page 45385, the bullet points at the top.

20 A Okay. So which one?

21 Q Well, towards the bottom, it
22 mentions [REDACTED]

23 A Okay.

24 Q Did you have conversations with [REDACTED]
25 about XRP's future?

1 A I didn't. I don't think I ended up
2 having them. I remember trying. I don't
3 remember if I did.

4 Q Going back to the reluctance of the
5 [REDACTED] to list the bullet points, in the fourth
6 bullet point, you say, "They have told us
7 they're willing to work with us to get XRP
8 published, and then all we need is one more
9 XRP USD listing to get the ball rolling." Do
10 you know what happened that changed their
11 minds on it or when that happened?

12 A I don't.

13 Q Okay.

14 (SEC Exhibit No. 36 was
15 marked for
16 identification.)

17 BY MS. WAXMAN:

18 Q Going back to the last exhibit, the
19 very first page, did you meet with [REDACTED]
20 [REDACTED] at some point?

21 A We did.

22 Q Okay. And what was the purpose of
23 that meeting?

24 A I don't remember the exact purpose.

25 Q Were they interested in purchasing

1 XRP?

2 A No.

3 Q Do you know who you met with at

4 [REDACTED]?

5 A I don't remember his name, but it
6 was the head of their newly-founded crypto
7 initiative.

8 Q Okay. Under -- at the very top, you
9 said -- you used a slide with the following
10 points, one of them was institutional asset
11 managers. Do you know what that slide was
12 about?

13 A I don't remember.

14 Q Okay. Showing you what has been
15 marked as Exhibit 36.

16 A Okay.

17 Q Did -- if, you know, did Brad meet
18 with [REDACTED] to -- in connection with the
19 XRP future goal?

20 A I don't remember.

21 Q Okay. Did you discuss with [REDACTED] the
22 possibility of an XRP future?

23 A I don't remember.

24 Q On the second page under next steps,
25 No. 2, this is from Patrick. He's talking

1 about meeting with [REDACTED] correct?

2 Or is he talking about a meeting with [REDACTED]

3 A Next steps, number one and two, they
4 work for the [REDACTED]

5 Q Okay. No. 2 says -- refers to a
6 meeting, and then, quote, "In that meeting
7 will identify their tough clients asking about
8 BTC and put together a road show for us to
9 jointly pitch a new XRP crypto product." Did
10 that ever happen? Did the meeting ever
11 happen?

12 A The product session that he's
13 mentioning in one?

14 Q First, did the meeting happen?

15 A I don't remember.

16 Q Okay. And did you ever put together
17 a road show or jointly pitch a new XRP crypto
18 product?

19 A No, not that I remember.

20 Q Did you ever discuss it?

21 A I don't remember.

22 Q During your last testimony, we spoke
23 a bit about Coinbase. Was a listing at
24 Coinbase imported for the XRP futures at [REDACTED]
25 I think I asked you this but --

1 A Yes.

2 Q Was that because it would provide
3 the USD listing for the index that --

4 A Correct, yes. Well, one of them.
5 If we had four Coinbase, we may not need
6 Coinbase.

7 Q Did you need a USD?

8 A Yeah. I think we needed three.

9 Q Three USD prices?

10 A Mm-hm.

11 Q And how many did you have at the
12 time?

13 A I believe I mentioned it in an
14 e-mail before, two.

15 Q Are you talking about Exhibit 35?
16 This one? Did the index include Bitstamp?

17 A I can't say for sure.

18 Q Okay. Going back to [REDACTED]
19 [REDACTED] relationship with Ripple, and I
20 know -- I apologize. Do you know if they
21 entered into an agreement with [REDACTED]
22 [REDACTED] in 2017 in connection with their
23 efforts to create this index?

24 A I'm sorry. Who are they?

25 Q Did Ripple and [REDACTED]

1 enter into an agreement in 2017 where [REDACTED]
2 [REDACTED] would help create the index that
3 had a USD listing?

4 A I think we did.

5 Q And did Ripple agree to pay [REDACTED]
6 [REDACTED] million XRP?

7 A I don't remember.

8 Q Did you negotiate that agreement?

9 A I don't remember.

10 Q Okay. I know you don't remember the
11 agreement.

12 A Right.

13 Q I'll represent to you that there is
14 an agreement in 2017. There are two
15 agreements. I don't have them with me. There
16 is a 2016 agreement, and then there is an
17 amendment to the agreement in 2017. And the
18 2017 agreement has to do with what we are
19 talking about in relation to the [REDACTED]

20 A Okay.

21 Q And [REDACTED] agreed -- [REDACTED]
22 to provide certain services, and in exchange,
23 Ripple agrees to pay the 10 million XRP. Is
24 it likely that that XRP was restricted? Do
25 you know if that XRP was restricted in any

1 way?

2 A I don't.

3 Q Okay. Maybe after our break, we can
4 look at it and see if that term is in there.

5 A Okay.

6 Q Did [REDACTED] have a conflict of interest
7 in connection with the XRP futures because
8 they were -- there was some part of the [REDACTED]
9 that was a Ripple investor?

10 A I don't know.

11 Q Did -- were you involved in any
12 efforts for [REDACTED] to sell its Ripple shares?

13 A No.

14 Q Are you familiar with an entity
15 called [REDACTED]?

16 A I've heard the name.

17 Q And when have you heard that name?

18 A As part of a recent raise -- capital
19 raise that we did.

20 Q Did you ever hear the name in
21 connection with these XRP future discussions?

22 A No.

23 Q Do you know where there is
24 currently -- other than [REDACTED] is
25 there XRP future on other platforms?

1 A Yes.

2 Q Can you name them?

3 A There is an XRP BTC future on
4 Bitmax, and I believe Binance just listed an
5 XRP future, as well.

6 MR. CERESNEY: XRP or BTC?

7 THE WITNESS: I don't know if it's
8 BTC or USD.

9 BY MS. WAXMAN:

10 Q Well, did you have any discussions
11 with Binance in connection with that launch?

12 A I did not.

13 Q Do you know who [REDACTED] is?

14 A Yes.

15 Q Okay. Is she involved with Binance?

16 A She is.

17 Q Okay. What is her role?

18 A Her title is CEO of [REDACTED] trading
19 services, I believe.

20 Q Did she used to work for you at
21 Ripple?

22 A She reported to me, yes.

23 Q Is it strange that she wouldn't have
24 contacted you about the XRP future?

25 A I don't know.

1 Q Did you have any discussions with
2 Bitmax regarding the XRP future on their
3 platform?

4 A No.

5 Q Any other futures on other
6 platforms?

7 A Not that I'm aware of.

8 Q Okay. Let's try to keep this a
9 little more organized today.

10 MS. WAXMAN: I can have those back.

11 BY MS. WAXMAN:

12 Q I want to talk a little bit about
13 xRapid. When was the first target core
14 identified for xRapid?

15 A I don't remember exactly what we
16 targeted.

17 Q What was the first target?

18 A Mexico.

19 Q And who identified Mexico as a
20 target?

21 A It would have been by committee. I
22 can't remember it being one group or one
23 person.

24 Q And why was Mexico a first target?

25 A It's a larger market, and we had a

1 good partner in Bitso.

2 Q And what is Bitso?

3 A Bitso is a digital currency exchange
4 in Mexico.

5 Q And how do they fit into xRapid
6 transaction?

7 A They're the receiving leg of an
8 xRapid transaction where the XRP gets
9 converted into local currency, in this case,
10 Mexican Peso.

11 Q And did Ripple invest in Bitso?

12 A We have.

13 Q And when was the investment?

14 A Two. It was a 2017 investment, and
15 there was a subsequent investment in 2019.

16 Q And what was -- were you involved in
17 the investments -- were you involved in
18 negotiating the investments?

19 A I was involved in the first one in
20 terms of the negotiations. I wasn't involved
21 in the second negotiated terms.

22 MR. CERESNEY: I think he did
23 testify about this the last time, just about
24 the investments. So just -- I think it was --
25 yeah. Yeah, just so you know.

1 MS. WAXMAN: I'll go back. I have
2 the transcript here. It's not immediately in
3 my mind.

4 BY MS. WAXMAN:

5 Q So would you mind just refreshing my
6 memory and letting me know what was the
7 purpose of the 2017 investment?

8 A Yeah. So the -- the 2017 investment
9 was really a show of a commitment on our end
10 to the xRapid use case. XRP is a bridge
11 asset. We had had some fits and starts with
12 the Bitso relationship in the past, and they
13 wanted to feel like we were really committed.
14 So that was really the primary purpose.

15 Q And what were the terms of the
16 investment?

17 A I don't remember the exact terms. I
18 do know it was a -- like a convertible note,
19 and it was less than [REDACTED] But I don't
20 remember the exact amount.

21 Q And did Ripple provide any XRP to
22 Bitso in connection with the 2017 investment?

23 A Yeah, it was -- I do remember it
24 being some dollars and some XRP.

25 Q And was the XRP restricted?

1 A I don't remember. I don't recall.

2 Q And when I say "restricted," was
3 Bitso restricted from selling the XRP into the
4 market?

5 A I don't know.

6 Q Was the investment a way to get XRP
7 integrated into Bitso?

8 A I don't remember that being a
9 driver. I think they may have already had it
10 listed if I -- I can't remember.

11 Q No. I'm not talking about the
12 listing of the platform. I'm talking about
13 the integration of the xRapid.

14 A Not really.

15 Q Well, the purpose of the agreement,
16 you said, was to show your commitment to --

17 A The use case.

18 Q -- the use case and to xRapid.

19 A Mm-hm.

20 Q And in exchange, what did Bitso --
21 did they have to do anything?

22 A I don't remember them having to do
23 anything. It wasn't a deal a partnership. At
24 least I don't remember it that way.

25 Q Okay. We can look at that a little

1 later.

2 A Okay.

3 Q What is the second corridor that was
4 identified for xRapid?

5 A Philippines.

6 Q Okay. When was it identified as a
7 corridor?

8 A Early 2018, maybe about second
9 quarter, possibly. Somewhere around there.

10 Q And what was the third target
11 corridor?

12 A Brazil -- actually, I don't
13 remember.

14 Q Okay. More generally, how are these
15 corridors identified, and did you have any
16 role in identifying corridors?

17 A I didn't have an active role in
18 identifying corridors. Product marketing --
19 product marketing and products kind of drove
20 that effort, high level -- corridor and do we
21 have possible exchange partners to connect to.

22 Q Do you know who [REDACTED] is?

23 A I know he works for Ripple.

24 Q Do you know in what capacity?

25 A I don't know which team.

1 Q What responsibilities did you have
2 that directly supported the xRapid product?

3 A Well, I had three primary
4 responsibilities, establish partnerships for
5 the exchanges, my team did that, or to ensure
6 that there was liquidity on those exchanges
7 for xRapid, and find the customers to use the
8 exchange and the liquidity.

9 (Reporter asked for clarification.)

10 THE WITNESS: Sorry. I'll try not
11 to mumble.

12 BY MS. WAXMAN:

13 Q When you say "find customers," are
14 you talking about the MoneyGrams of the world?

15 A Correct.

16 Q Okay. Were banks gonna use xRapid?
17 I think we spoke about this last time a
18 little.

19 A They were not the target audience
20 for it.

21 Q And why not?

22 A It just felt like the money
23 remitters or the money transmitters were lower
24 hanging fruit, you know, we're remittance
25 companies were the target audience and banks

1 weren't really -- so that was our audience.

2 Q And why were remittance companies
3 lower hanging fruit to banks?

4 A We viewed xRapid as low value, high
5 volume payments, which fits that model for
6 remittance pretty well.

7 Q You said that one of your
8 responsibilities was to create liquidity on
9 exchanges. Did you target specific exchanges
10 in specific corridors?

11 A So I think I said my job was to
12 ensure that there was liquidity. But yes, we
13 would -- we were targeting the xRapid
14 exchanges. So Bitso, as an example, we need
15 to make sure there was enough liquidity in
16 Bitso so when the payments came through and
17 you were going to transact, there wasn't a bad
18 customer experience.

19 Q And did you enter into agreements with
20 market makers that were specifically designed
21 to create liquidity for xRapid?

22 A Let me just parse that.

23 Q Sure. Well, I'll take that back.
24 You entered into agreements with market makers
25 early on in 2017.

1 A Yeah. That was generally liquidity
2 in 2017. This was specific for xRapid if that
3 this question you're asking?

4 Q Yeah.

5 A I thought the' question was about
6 the nature of the market maker being specific
7 so -- yeah.

8 Q I know that there were agreements
9 with market makers specific to xRapid. How
10 did those agreements differ from the other
11 agreements with market makers that were not
12 specific to xRapid?

13 A So the xRapid agreements had pretty
14 well defined requirements in terms of size on
15 the bid and the offer in the book and the --
16 and the spread, right. So the market makers
17 have to guarantee that there would be a
18 particular amount of liquidity on the orders.

19 Q For?

20 A For xRapid.

21 Q For xRapid. Did you include in the
22 agreement which targeted exchanges that you
23 wanted to create liquidity for?

24 A I don't remember if that was in the
25 agreement.

1 Q Okay. So what would Ripple provide
2 in exchange for the services for the market
3 maker?

4 A We provide loans in terms of XRP and
5 dollars and compensation.

6 Q And was the compensation directly
7 tied to the xRapid order flow?

8 A The compensation was tied to the
9 amount of volume that the market makers
10 traded, but I don't remember if it was
11 specific -- if it was only the xRapid volume.

12 Q Okay. And then the -- did you also
13 enter into loan agreements with market makers
14 that were specific to the xRapid product?

15 A Yes.

16 Q And how did those loan agreements
17 differ from earlier loan agreements with
18 market makers if they did?

19 A They were -- they were part of the
20 overall engagement for xRapid liquidity. So
21 the loans were only meant to be used for X
22 Rabbit exchanges.

23 Q Were they only meant to be used for
24 xRapid order flow?

25 A Ideally, most of the activity that

1 they're participating in, that's Rapid
2 activity, but there is no way for us to
3 guarantee that. There is no way for them to
4 guarantee that, either.

5 Q Are you able to identify which order
6 flow is in connection with xRapid?

7 A So we see the xRapid activity that
8 comes through our software. We don't have any
9 visibility on to the exchange. As far as I
10 know, we don't monitor, like, what's happening
11 with the market makers account on the exchange
12 and who is getting it. That's information
13 inside of the exchange.

14 Q But you have information about
15 xRapid?

16 A Yes.

17 Q And is it -- what information do you
18 have about xRapid?

19 A So we see what transactions the
20 customers are doing.

21 Q And the transactions are where?

22 A On sending exchange and receiving
23 exchange.

24 Q So you see the transactions on both
25 exchanges?

1 A Mm-hm.

2 Q And you can tie those transactions
3 back to xRapid order flow?

4 A I believe we can. I mean, I'm not
5 the product guy and I'm not in engineering,
6 but as far I understand, we can.

7 Q And the exchanges report to you
8 their activity in XRP?

9 A No, no, no. This is -- yeah. This
10 is more what we see from our own system.

11 Q Now I'm asking you a different
12 question. Do the exchanges also report XRP
13 activity to you?

14 A I don't believe so.

15 Q Well, do they have to represent
16 order flow in order to get certain rebates or
17 money from Ripple?

18 A The exchanges?

19 Q Yeah.

20 A I don't know.

21 Q Do the market makers provide certain
22 reports on their activities on certain
23 exchanges?

24 A I believe the market makers provide
25 volume data.

1 Q Is it broken down by exchange?

2 A I believe it is.

3 Q So using the XRP xRapid data that
4 you have internally, are you able to break
5 down how much activity the market maker is
6 doing in connection with xRapid versus
7 nonxRapid activity?

8 A I don't think you can.

9 Q Why not?

10 A So let's say there is \$1,000,000
11 worth of xRapid activity, and the market maker
12 trades \$100,000 dollars, I have no idea how
13 much of that was xRapid, if any of it was
14 xRapid. All of a sudden, I have a question
15 around, well, where did the other \$900,000 go,
16 right. There is a nature liquidity on its
17 books. So it may very well be that the market
18 maker didn't interact with xRapid at all.
19 Maybe they did, and then the opposite is true.
20 Market maker could have \$1,000,000 of activity
21 and only \$100,000 of xRapid activity goes
22 through. There is no way for us to match it.
23 That's what I'm asking. Only the exchange
24 knows who is matching with whom.

25 Q It sounds like there is tension

1 here. On the one hand, you enter into
2 agreements because you want to encourage
3 liquidity for the xRapid product, but from
4 what you're saying -- tell me if I'm wrong --
5 it sounds like you really don't have a good
6 way to know whether it's actually working.

7 A Well, we know there is -- there is
8 an absolute worst case scenario in terms of
9 the customer experience. So the reason for
10 the market maker program for xRapid is to
11 ensure that, if somebody goes to transact
12 through that book, there is nothing. If there
13 is nothing, then we have a real problem
14 because the payments failed.

15 Q When you say "nothing," you're
16 talking about liquidity?

17 A Liquidity, yeah. There is no bids.
18 There is no offer. That's a real problem. So
19 the market maker program is meant to make sure
20 that is there in a way that actually doesn't
21 crowd out other activity. You don't want to
22 be the only liquidity on that book because
23 then over time, it won't grow organically. So
24 you put a backstop in place, and you just --
25 you're paying to ensure that, at the very

1 worst, this is what the customer will
2 experience.

3 Q You're paying to ensure liquidity on
4 the platform, but you really don't know if
5 that liquidity is gonna be used in connection
6 with xRapid?

7 A We don't. We don't. But on a
8 certain level, again, that's not the goal.
9 The goal is not for that market maker to trade
10 with an xRapid client. The goal is for that
11 market maker to support the order book in that
12 way that allows that client to trade in
13 seamless manner, whether that means trading
14 with the market maker or trading with another
15 market participant that is on the order book,
16 is really immaterial to us.

17 Q So why are these agreements
18 fashioned as xRapid market maker agreements?
19 Couldn't you just have the same agreement --
20 could you use the same agreements that you did
21 in 2017 with these xRapid market makers in
22 2018? What is the difference?

23 A I don't remember.

24 MR. CERESNEY: Can we show him the
25 agreement? Because I feel like you've got it

1 in front of you and he has --

2 MS. WAXMAN: I just gotta find it.

3 THE WITNESS: Actually, I don't
4 remember the specifics of the 2017 agreement
5 or the 2019 agreement. So I'm gonna give you
6 a lot of "I don't remember" and "I don't
7 know," and that's not gonna be helpful.

8 MR. CERESNEY: Right. It's useful
9 for you to look at it.

10 THE WITNESS: Thank you.

11 (SEC Exhibit No. 37 was
12 marked for
13 identification.)

14 BY MS. WAXMAN:

15 Q Here is Exhibit 37, which is an
16 executed copy of the Master X Rapid Market
17 Maker Services Agreement with GSR.

18 (SEC Exhibit No. 38 was
19 marked for
20 identification.)

21 BY MS. WAXMAN:

22 Q And then I have marked as Exhibit 38
23 the Master XRP Lease Agreement between Ripple
24 and [REDACTED] I didn't bring with me the 2017
25 agreements. I have them upstairs.

1 So I don't have them with me, but
2 from my memory, the difference between those
3 agreements and these agreements is these
4 agreements pay for xRapid order flow
5 specifically. So if you turn to Exhibit 37 on
6 the third page, paragraph No. 6, it talks
7 about service fees.

8 A Right.

9 Q Am I reading the contract correctly
10 that you're paying for xRapid order flow?

11 A Are we talking about -- right after
12 service fees, it says, "XRP volume means a
13 total --"

14 Q Yes, that's the sentence I'm
15 referring to.

16 A Yes.

17 MR. CERESNEY: By the way, this
18 doesn't have signatures, but I assume --

19 MS. WAXMAN: It -- I thought it did.
20 Page -- this is 179978.

21 MR. CERESNEY: That's not here.

22 MS. WAXMAN: Oh. I'm a bad
23 paralegal. So here is another one.

24 MR. CERESNEY: It's just a different
25 Bates. Let's just mark this one.

1 (SEC Exhibit No. 39 was
2 marked for
3 identification.)

4 BY MS. WAXMAN:

5 Q So I have marked as Exhibit 39 a
6 similar agreement xRapid Market Maker Services
7 Agreement with Ripple and [REDACTED] And this
8 one looks to be executed. And I would just
9 ask you to take a look at it, and let me know
10 if you're -- in connection with that
11 agreement, Ripple is paying for xRapid order
12 flow.

13 A I don't see it.

14 Q They're different.

15 A Yeah.

16 MR. CERESNEY: Yeah, they are.

17 Daphna, do you want to take a break, and
18 maybe -- we have to take a break any ways. So
19 I just thought --

20 MS. WAXMAN: Yeah. That's fine.

21 THE WITNESS: Would you like me to
22 answer the question, though? I can answer the
23 question.

24 BY MS. WAXMAN:

25 Q Yeah. Answer the question, and then

1 we'll take a break. That would be great.

2 A So very different. One of these is
3 very general. It's a master legal agreement,
4 basically says, "Here is XRP."

5 Q That's the loan you were talking
6 about?

7 A Right, the lease agreement that is
8 back in 2017. It's not targeted. It's
9 basically a way for facilitating market making
10 across whatever exchanges they're connected to
11 or comfortable with or have a relationship.

12 Q Are you targeting specific xRapid
13 exchanges in connection with the lease
14 agreement?

15 A In 2017?

16 Q No. This agreement is not from
17 2017.

18 A This one? I have a master lease
19 agreement, that's Exhibit 38.

20 Q Yeah.

21 A That has nothing to do with xRapid.

22 MR. CERESNEY: I think 39, which is
23 the one she just gave you is from 2019.

24 THE WITNESS: Yes, 39 is from 2019.

25 38 is from 2017.

1 BY MS. WAXMAN:

2 Q My understanding is that 38 was
3 entered into in 2019 in connection with
4 xRapid.

5 A Oh. Is that it?

6 Q And I could come back to it, but my
7 understanding was that the lease agreement and
8 the xRapid market maker agreement were entered
9 into at the same time in connection with
10 xRapid.

11 A Okay. Now I understand.

12 Q But I know that, in 2017, the
13 company entered into loans similar to this
14 lease agreement.

15 A Right. Okay.

16 Q But the agreement is termed, for
17 some reason, XRP Lease Agreement, whereas
18 earlier in 2017, they were just called XRP
19 Loan Agreements.

20 A Right. I think subsequent, they
21 were the same thing. I don't think there is
22 any material difference.

23 Q So the terms are the same?

24 A I believe so.

25 Q And why do you have two agreements,

1 the lease agreement and then the separate
2 market maker services agreement?

3 A I think that was how the legal -- it
4 wasn't -- because it's not a deal negotiation.
5 I think legal required them to be separate.

6 Q Okay. And then going back to the
7 initial question whether or not in connection
8 with these xRapid deals, are you applying for
9 xRapid order flow?

10 A I want to unpack that a little bit.
11 What do you mean by pay for xRapid order flow?

12 Q Well, we look at 37. I know you
13 guys don't have the executed version. I'll
14 tell you I have it. I have an executed
15 version in front of me.

16 And if you go to the third page,
17 paragraph No. 6, which we were talking about
18 with the bold service fees -- that is the
19 sentence that you read to me earlier -- it
20 sounds to me that you're paying for xRapid
21 order flow, and I want to make sure I
22 understand that correctly.

23 A Right. So we don't want to pay a
24 market maker who trades a billion dollars
25 worth of volume on exchange, and it turns out

1 that none of it is xRapid. That's not
2 terribly helpful, right. It can get very,
3 very expensive. So one of the ways to
4 mitigate that risk is to only pay for flow
5 that we know is xRapid flow, right. I just
6 don't know how we were doing that.

7 MR. CERESNEY: Do you -- when you
8 say you don't know, is it possible that you
9 don't know, or that's just not --

10 THE WITNESS: I don't know that we
11 were, and I don't know that we can.

12 BY MS. WAXMAN:

13 Q Because it's hard to identify what
14 the xRapid flow, is, is that what you're
15 saying?

16 A Because the exchanges are the ones
17 that see the match. We don't see the match.
18 So I don't know -- I don't know if we could do
19 that.

20 Q Who would be the person who would be
21 responsible for paying these fees to GSR?

22 A Finance.

23 Q And so how do they know how much to
24 pay them?

25 A The market makers would provide the

1 loan following the report.

2 Q Are they saying, "Well, this volume
3 is attributed to xRapid"?

4 A I don't know.

5 Q So how are they carrying out this
6 term in the agreement?

7 A I'm not sure.

8 Q If it was an issue, why didn't you
9 just use the original market maker agreement
10 that you used earlier in time in 2017?

11 A You mean the lease agreement?

12 Q No. I'm talking about -- I'll -- I
13 don't have it.

14 A I don't remember a market maker
15 agreement for 2017. So that's why I'm a
16 little confused.

17 Q I know you entered into market maker
18 agreements with GSR and [REDACTED]
19 and -- those -- those agreements.

20 A I think those were for SRP sales.

21 Q For problematic sales?

22 A Yeah.

23 Q That's what I'm talking about.

24 A Okay. Got it. Okay.

25 Q Because those agreements earlier --

1 and correct me if I'm wrong -- the purpose of
2 those agreements was to create liquidity.

3 A No.

4 Q Or it was just --

5 A That was for XRP sales.

6 Q Just problematic sales?

7 A Yeah.

8 Q Okay.

9 MS. WAXMAN: I know you would like
10 to take a break.

11 MR. CERESNEY: Yeah.

12 MS. WAXMAN: We're off the record at
13 11:32.

14 (A brief recess was taken.)

15 BY MS. WAXMAN:

16 Q We're back on the record at 11:51.

17 Mr. Vias, I want to direct your attention to
18 Exhibit 37.

19 MR. CERESNEY: Which one is that?

20 Just give us the Bates on the bottom.

21 THE WITNESS: 180196.

22 MR. CERESNEY: Okay.

23 BY MS. WAXMAN:

24 Q If you look at 1-B on that very
25 first page, it talks about the amount of

1 trades on certain platforms. How did you
2 decide those amounts?

3 MR. CERESNEY: Are you talking about
4 the liquidity?

5 MS. WAXMAN: Yeah, on 1-B.

6 BY MS. WAXMAN:

7 Q How is that determined?

8 A I don't remember.

9 Q Is that something you would be
10 responsible for doing?

11 A My team, yeah.

12 Q So people who reported to you were
13 responsible for doing that?

14 A Yes.

15 Q So do you have any idea how they
16 came up with those numbers?

17 A I don't remember.

18 Q What -- would they use any hard
19 data?

20 A I don't remember.

21 Q Okay. The agreement identifies
22 certain exchanges. How did you determine to
23 include those specific exchanges?

24 A Those are the xRapid exchanges.

25 Q In target corridors?

1 A Yes.

2 Q So you don't know how the amounts
3 are determined?

4 A Correct.

5 Q And I should ask, who would know
6 that other than Danuka?

7 A Danuka would be a good start person.

8 Q Okay. And earlier, before we took a
9 break, I asked you if payments for these
10 agreements were based on rapid order flow and
11 you're not sure if they could actually
12 identify xRapid order flow. How are these
13 terms fulfilled?

14 A I don't know. I'm not sure. A team
15 would negotiate these. But there are a lot of
16 parties that touch this document and this
17 agreement. There is legal, product,
18 engineering. Yeah.

19 Q Did you hear from any of the market
20 makers that they didn't get paid? Did they
21 ever come back to you?

22 A No, never heard that.

23 (SEC Exhibit No. 40 was
24 marked for
25 identification.)

1 BY MS. WAXMAN:

2 Q I am showing you what has been
3 marked as Exhibit 40, which is a PowerPoint
4 presentation entitled "Scaling Global
5 Liquidity for xRapid," dated June, 2019.

6 MR. CERESNEY: Just before he
7 answers this, I don't know if you asked him
8 earlier on -- I think you might have --
9 about -- there were periods when he was on
10 parental leave and not in the office. I don't
11 know whether this was in that period, but
12 obviously, you can ask.

13 (SEC Exhibit No. 41 was
14 marked for
15 identification.)

16 THE WITNESS: Okay.

17 BY MS. WAXMAN:

18 Q Did you put together this
19 PowerPoint?

20 A I did not.

21 Q How do you know that?

22 A So, well, this is June, 2019, as
23 Andrew mentioned, I would be going on
24 paternity leave the 1st of July. So if I
25 remember correctly, at this point, Danuka was

1 putting this together.

2 Q I'm gonna show you what has been
3 marked as Exhibit 41, which is an e-mail from
4 you to [REDACTED] dated June 4th, 2019. And I'll
5 represent to you that, attached to this
6 e-mail, was the market making deck that's --
7 the deck that's been marked as Exhibit 40.

8 (SEC Exhibit No. 42 was
9 marked for
10 identification.)

11 BY MS. WAXMAN:

12 Q I'm gonna show you Exhibit 42, which
13 is another e-mail where you're CC'd on June
14 4th, 2019, which also references the market
15 maker deck that's been marked as Exhibit 40.
16 Does this refresh your memory whether you were
17 involved in that deck?

18 A Sorry. So this references a June
19 24th meeting. I don't think I was in that
20 meeting at this point. I think there was --

21 Q When you say "this," can you tell me
22 what exhibit that is?

23 A Exhibit 42.

24 Q Okay. You say it references --

25 A It says review agenda. June 24 was

1 the subject. I don't think I was in that
2 meeting.

3 Q Attached to this e-mail is that
4 deck. And then there is the Exhibit 41, which
5 refers to an xRapid market maker deck.

6 A That's this one. Yeah, I just --
7 there was an earlier version of this deck,
8 which I did work on, but I'm not sure that
9 this was the deck.

10 Q Okay. Okay. That's fine. If you
11 turn to page three of the deck --

12 A Yes.

13 Q -- the executive summary, I know
14 you're not sure if this is actual document you
15 drafted, but what's included, is this
16 something you may have drafted before?

17 A I'm not sure.

18 Q Okay. So the second bullet point
19 says, "The market does not have enough
20 corridors to support future projected
21 volumes." How did they come up with future
22 protected volumes?

23 A If I remember correctly, we looked
24 at the three or four deals that we had in the
25 pipeline, and each one of those deals had a

1 particular structure in terms of volume. So
2 we would look at each one, say, Q-1 of 2020,
3 we expect these four deals to be generating
4 this much volume in xRapid. And that was
5 baseline for our liquidity deals.

6 Q And when you say "deals," what deals
7 are you talking about?

8 A MoneyGram, [REDACTED]

9 Q So deals with remitted payment
10 companies. And how are you able to estimate
11 the volume?

12 A Again, it was taken from the deal
13 structures. So the assumption was that the --
14 the customers, partners would hit certain
15 volume milestones, and that was baked into the
16 deal. So that's what we took as a volume
17 projections.

18 Q Right. I know that there is certain
19 milestones, but do you know the probabilities
20 that they would hit those miles stones are?

21 A I do not.

22 Q So are these projected volumes based
23 on the milestones or actually what you think
24 will happen?

25 A Both. We think they'll hit the

1 milestones.

2 Q Are the milestones aggressive?

3 A I don't know. I don't know.

4 Q Who set them?

5 A That was individually based on the
6 deals, on a particular deal.

7 Q Okay. So is -- for example,
8 MoneyGram who set those milestones?

9 A So I wasn't intimately involved in
10 that deal.

11 Q Yeah.

12 A That was 

13 Q Okay. And it says that -- why
14 wasn't there enough liquidity to support
15 those --

16 A I don't know why, but there wasn't.

17 Q Okay. And what was the solution
18 proposed to create liquidity?

19 A To partner with the market maker to
20 provide the liquidity.

21 Q And did you have discussions with
22 any of the market makers that are listed in
23 the deck?

24 A Yes.

25 Q Which ones?

1 A All of them.

2 Q Did Ripple enter into any agreements
3 with any of these specific to the xRapid
4 market making agreement?

5 A Yes.

6 Q Which ones?

7 A [REDACTED] and GSR, I'm certain
8 of. I'm not sure of the other two. So this
9 is -- the signing of these agreements all
10 happened when I was on paternity leave.

11 Q Okay. Did you have discussions
12 about a potential agreement with [REDACTED]

13 A We did.

14 Q And did the company enter into an
15 agreement with [REDACTED]?

16 A I don't know. I'm not sure.

17 Q Did you --

18 A Actually, I am sure.

19 Q Okay. Great.

20 A They did.

21 Q And were you involved in the
22 negotiation of the agreement?

23 A Not the final one, no.

24 Q Why did they enter into an agreement
25 with [REDACTED] I noticed in the production, there

1 was a lot of discussion about [REDACTED]. It wasn't
2 a market maker that the company had used in
3 the past. So that's why I'm asking the
4 question.

5 A The -- [REDACTED] was really kind of the
6 driving force behind bringing [REDACTED] into the
7 loop. She felt they were more of an FX --
8 established FX market maker, slash, provider.
9 She thought that they would be able to provide
10 more liquidity than [REDACTED] and [REDACTED]

11 Q Was there something -- was it more
12 expensive to enter into an agreement with

13 [REDACTED]

14 A I don't remember.

15 Q Was there anything else other than
16 the fact that it was an established FX hedge
17 fund that drew the company to [REDACTED]

18 A Not that I'm aware of.

19 Q What were the -- I know you didn't
20 negotiate it and I know it's not in front of
21 you, but do you recall the terms of the deal?

22 A No.

23 Q I think it's laid out on page 13 of
24 20. Was [REDACTED] gonna create a special purpose
25 vehicle to kind of execute the agreement?

1 A There was a discussion around the
2 structure they would need, and I believe a
3 special purpose vehicle, we discussed that,
4 yes.

5 Q And why did you discuss that?

6 A I don't remember.

7 MR. CERESNEY: I didn't say
8 anything.

9 THE WITNESS: No. I heard -- I
10 heard something.

11 MS. WAXMAN: Thankfully, everyone
12 will keep it to themselves.

13 BY MS. WAXMAN:

14 Q What role would Ripple play in the
15 SPB if any? What was discussed?

16 A I don't remember the specifics. I
17 know we went through numerous iterations of a
18 vehicle, but I don't remember specifics.

19 Q Were there any advantages to that
20 set up?

21 A I don't know.

22 Q The deal with [REDACTED] did it specify,
23 you know, specific exchanges in certain
24 corridors?

25 A I don't know what the final deal

1 looks like.

2 Q Okay. How long was the deal for if
3 you know?

4 A I don't know.

5 Q Typically? Okay.

6 A Yeah. I don't know.

7 Q Did you enter into deals with --
8 earlier, we spoke about the company entered
9 into deals with exchanges in connection with
10 the xRapid product.

11 A Yes.

12 Q Can you give me some examples of
13 those sorts of deals with exchanges?

14 A So we had a partnership agreement
15 with [REDACTED]

16 Q What were the terms of that
17 agreement?

18 A I'm not gonna remember the
19 specifics. [REDACTED] is another one. I think we
20 had another agreement with them. Pretty sure
21 we had agreements with both.

22 Q Were they fee, rebate, and volume
23 payment agreements?

24 A I don't remember.

25 Q Okay. Were there other sources of

1 agreements that you entered into with
2 exchanges in connection with the xRapid
3 product?

4 A Not that I can remember.

5 Q Did you enter into an agreement with
6 BITTREX in connection with the xRapid product?

7 A Yes.

8 Q What agreement did you into?

9 A We had an agreement where they
10 became our official xRapid partner in the US,
11 but I don't remember there being any economics
12 tied to that.

13 Q You mean, you don't recall providing
14 any fee rebates or any other payments?

15 A Right. Well, we wouldn't provide
16 the fee rebates. They would have to provide
17 the fee rebates.

18 Q Right. But you would pay the
19 exchange, and then the exchange would pay the
20 rebates out.

21 A Yeah. But that -- okay. I see.
22 But that's an old construct from 2017.

23 Q I'm not saying you did that with
24 BITTREX --

25 A I don't remember an economics for

1 that deal.

2 Q I'm not saying that there was.

3 A Okay.

4 Q What does it mean to be an official
5 USD partner for xRapid?

6 A The idea was that we were gonna use,
7 you know, BITTREX as kind of our go to
8 exchange in the States for an XRP to receive
9 liquidity deal for xRapid.

10 Q Okay. Why do you think BITTREX
11 entered into the deal if they didn't get any,
12 you know, fee rebates or any other -- you said
13 there were no -- there was no money paid.

14 A Hard for me to speak to their
15 motivation.

16 Q Okay. Well -- okay.

17 A Yeah.

18 Q Prior to entering into the agreement
19 with -- the xRapid agreement with BITTREX, was
20 XRP trading on BITTREX's platform?

21 A I think it was, yeah.

22 Q And what trading pairs were
23 available?

24 A Well, I don't remember.

25 Q Did you have any involvement with

1 the initial listing of XRP on BITTREX?

2 A No.

3 Q Did anyone at the company have any
4 involvement?

5 A I don't know.

6 Q How did the relationship come about
7 in connection with xRapid?

8 A I don't remember how it came about
9 with respect to xRapid. There was an existing
10 relationship between BITTREX and Ripple.

11 Q Why?

12 A I don't know. I don't know why. I
13 just remember -- I remember [REDACTED] already
14 had -- he knew the CEO. I don't know why.

15 Q But you're not sure if Ripple had
16 any discussions with them about the initial
17 XRP listing?

18 A I don't.

19 Q Were you involved in any discussions
20 about the initial listing?

21 A So the initial -- the XRP BTC
22 listing that they had, I thought that that had
23 been on there since the inception of BITTREX.
24 So I certainly didn't have anything to do with
25 it.

1 Q Okay.

2 (SEC Exhibit No. 43 was
3 marked for
4 identification.)

5 BY MS. WAXMAN:

6 Q Showing you what has been marked as
7 Exhibit 43, which is an e-mail from you to Ron
8 Well, dated April 17th, 2018. The subject is
9 BITTREX SRP USD listing and xRapid
10 partnership. The top of the e-mail says, "I
11 spoke with [REDACTED]" did you speak with him
12 over the phone, or did you have an in-person
13 meeting?

14 A This was over the phone if I
15 remember correctly.

16 Q Okay. Was anyone else on the phone
17 with you?

18 A I don't believe so.

19 Q Was it near the time you sent the
20 e-mail?

21 A Yeah. I say it's earlier today.

22 Q Okay. Thanks.

23 A Mm-hm.

24 Q Third bullet point -- what is this
25 e-mail about generally?

1 A Generally, this was about a
2 conversation that I had with [REDACTED] around XRP
3 USD on BITTREX and becoming an xRapid partner.

4 Q Okay. These are your notes from the
5 call that you had from him?

6 A Yes.

7 Q Did he tell you, under the third
8 bullet point, that they are not -- quote,
9 "They are not concerned at all about the risk
10 of it being a securities XRP"?

11 A Those are my notes.

12 Q Okay. Did he tell you why they were
13 not concerned?

14 A I don't remember. I don't remember
15 him mentioning why.

16 Q Did -- okay. Going down at the
17 bottom on the middle of the page, it says, "I
18 like this deal for the following reasons --"
19 under number three, you write, "Helps with the
20 short-term optics problem with the securities
21 issue." What did you mean by that statement?

22 A I just remember, at the time --

23 MR. CERESNEY: Well, actually, just
24 I want you to be careful not to reveal because
25 this is April of 2018. I think it was right

1 around the time you guys reached out. So --
2 and I don't remember if it was right soon
3 before this. So I just want to caution you
4 not to reveal discussions you had with
5 counsel.

6 MS. WAXMAN: I actually can tell you
7 the exact date.

8 MR. CERESNEY: Yeah. I don't
9 remember where in April it was. I just
10 remember it was April. It's not important,
11 but I just want to caution him not to --

12 MS. WAXMAN: That's okay.

13 THE WITNESS: No. This was more
14 about -- I think there was some news stories
15 in the press.

16 BY MS. WAXMAN:

17 Q At or around this time did [REDACTED]
18 [REDACTED] make certain statements about XRP's
19 status as a security?

20 A I don't remember.

21 Q So if not those statements, are you
22 talking about other statements?

23 A So I can't remember exactly what I'm
24 referencing here, but I do remember that, at
25 the time, there were a few stories on Twitter

1 around XRP as a security. Yeah.

2 Q And you say "optics problem." What
3 did you mean by optics problem?

4 A Just that, the chatter.

5 Q Well, why is it a problem that
6 people are saying that XRP is a security?

7 A Well, it just leads -- it makes it
8 more difficult to grow liquidity in the US,
9 less listings, no futures contracts, things
10 like that.

11 Q Why does it make it more difficult
12 for all those things?

13 A Well, the [REDACTED] example is a good one.
14 If there is no clarity around a
15 classification, then the risk tolerance just
16 isn't there generally. It wasn't, at least
17 for these listings.

18 Q If it was security, would Ripple
19 have to be subject to the Federal Securities
20 Laws?

21 MR. CERESNEY: What is your
22 understanding as a layperson of that issue?

23 THE WITNESS: I suppose so, yes. I
24 don't know.

25 BY MS. WAXMAN:

1 Q You don't know?

2 A Well, I mean, so -- I don't know
3 what would happen is my -- like if XRP was
4 classified as security. I don't know what
5 then occurs.

6 Q Right. You're not a securities
7 lawyer. That's not my question.

8 A Right, right.

9 Q My only question was: If it was a
10 security, would it be subject to regulation by
11 the SEC?

12 A Of course.

13 Q And subject to the Federal
14 Securities Laws?

15 A Yes, yes.

16 Q Would that be -- is that the problem
17 you're referring to?

18 A No. The problem I'm referring to is
19 that there wasn't clarity.

20 Q Sorry. I take that back. Is that
21 the problem in relation to the liquidity
22 answer that you just said?

23 A No. The problem is that there is no
24 clarity. So in the absence of clarity, people
25 don't know what to do. So then they do

1 nothing. So I'm not gonna list it because I
2 don't know if I have to comply to the law. So
3 I'm just not gonna do it until I get clarity.

4 Q So I understand that, but I think
5 earlier you said that there was news that XRP
6 was a security, not that there was lack of
7 regulatory clarity; but there was statements
8 that people were saying that it is a security.

9 A No. There was -- it was -- sorry.
10 I'll be more careful with my words. The
11 chatter was really more around was it a
12 security, and sure people have opinions around
13 that. But I felt like the question was being
14 asked, you know, in a public forum in
15 newspapers -- not newspapers -- online
16 journals or online Web sites or whatever,
17 Twitter. I don't remember anybody, like,
18 pointing the finger and saying, "It's
19 definitely --" I don't remember that.

20 Q I'm sorry if I asked you this, did
21 they tell you why they were concerned the
22 XRP --

23 A I don't remember.

24 MR. CERESNEY: I think he answered
25 that.

1 THE WITNESS: Yeah, I did.

2 BY MS. WAXMAN:

3 Q Under No. 2, it says BITTREX is one
4 of the biggest exchanges globally and leaning
5 in on xRapid while no one else in the US is.

6 Did you have an -- did you reach out to [REDACTED]

7 [REDACTED]?

8 A Yes.

9 Q What was your understanding of why
10 they weren't interested?

11 A Coinbase, I don't know. [REDACTED] I
12 remember having conversation with them just
13 not going anywhere. I remember them saying
14 it's just not a priority. [REDACTED] I mentioned
15 earlier, just kind of flamed out. I don't
16 remember why it did, but it just didn't go
17 anywhere. And [REDACTED] had XRP listed, but for
18 the life of me, we just couldn't get them
19 excited about xRapid.

20 Q Did they ever give you any feedback,
21 [REDACTED]

22 A I don't remember.

23 Q Going back to the -- why was this
24 deal beneficial to BITTREX?

25 A I mean, I think -- the way I viewed

1 it as beneficial to them is the way I've
2 always viewed xRapid. It's an opportunity get
3 real institutional volume through the
4 exchange. It's a flow that commercial volume
5 doesn't exist on these exchanges today outside
6 of xRapid in any real meaningful way. So the
7 pitch was always, "Look. This is a new
8 customer base. It's sticky. It is not based
9 on, you know, volatility. It is -- this is a
10 real business."

11 (SEC Exhibit Nos. 44 and
12 45 were marked for
13 identification.)

14 BY MS. WAXMAN:

15 Q Mr. Vias, I'm showing you what have
16 been marked as Exhibits 44 and 45. Forty-four
17 is an e-mail from you to [REDACTED] BITTREX, "Here
18 [REDACTED] and [REDACTED]" dated March 22, 2018. Subject
19 is Listing Application, and I'll represent to
20 you that Exhibit 45 is the attachment. We just
21 discussed that XRP was already trading on the
22 platform at the time you sent this e-mail. Do
23 you know why they asked you to provide a
24 listing application if the XRP was already
25 listed on the platform?

1 A I don't.

2 Q Did they ever tell you or anyone
3 else at Ripple?

4 A I don't know. I don't remember.

5 Q Did you draft any part of this
6 letter, which has been marked as Exhibit 45?

7 A If memory serves me right, this was
8 all drafted by legal. I can't say for sure.

9 Q Does it look like other applications
10 that Ripple submitted to other exchanges?

11 A I believe there is something similar
12 in another application.

13 Q Did you draft any applications?

14 A Not by myself, yeah. I mean, I was,
15 obviously, involved in this, but I can't
16 recall exactly --

17 Q Do you recall your involvement?

18 A I mean, in -- so I'm lead current
19 relationship manager here for BITTREX. I'm
20 negotiating the xRapid engagement. So I'm
21 point person on the relationship. So for
22 instance, like if they asked for this, it's
23 gonna come through me, and I have to figure
24 out internally who is gonna do this? Is it
25 legal? Is it finance? Is it product? Is it

1 an amalgam?

2 Q They cover the e-mail, Exhibit 44,
3 second sentence says, "Given our unique
4 relationship with XRP, we felt this was the
5 most accurate and efficient way to proceed."
6 What does that mean? What are you talking
7 about there when you said given our -- what do
8 you mean when you say the company's unique
9 relationship with XRP?

10 A So I think it mentions in it --
11 there is a part in here --

12 Q Page eight?

13 A No, no. There is a part that says,
14 like, wasn't a token -- it's not a token.

15 Q Oh. The history on page one?

16 A I just read this. I don't know why
17 I can't find it. Anyway, there is a part that
18 says there was no token sale, and if memory
19 serves me right, this application and others
20 on the exchanges at the time were all focused
21 on ICOs. So that statement is a reference to
22 the fact that the XRP was not an ICO, and the
23 application, as they see it, doesn't apply
24 perfectly. It's not a perfect fit. I think
25 that's in here.

1 Q Well, the same sentence doesn't say,
2 "Ripple didn't do an ICO. Ripple didn't sell
3 XRP in connection with ICO." It talks about
4 the relationship between the company and
5 Ripple. So what is your understanding of the
6 relationship between the company and XRP?

7 A We own a large amount of XRP. It's
8 integral to our inter-software product in
9 terms of the transfer mechanism.

10 Q What did you mean by unique
11 relationship?

12 A I think these two things are pretty
13 unique.

14 Q Okay. No. Okay. Other than what
15 is provided in Exhibit 45, did Ripple provide
16 BITTREX with a separate legal opinion
17 regarding XRP?

18 A I don't know.

19 Q Have you ever seen a separate legal
20 opinion with respect to XRP from -- when I say
21 legal opinion, I mean from a law firm.

22 A I feel like there was a document
23 sent to me early in 2017, but I remember -- it
24 was -- basically, said that this is old, and
25 it's not applicable.

1 Q Don't tell me what it said. But it
2 was a 2017 document or earlier in time?

3 A I believe it was earlier in time.

4 Q What year?

5 A I don't know.

6 Q Who wrote the document?

7 A It was a law firm.

8 Q In New York -- I mean, in the United
9 States, a US law firm?

10 A I'm pretty sure, but I'm not 100
11 percent certain.

12 Q I don't want to hear any privileged
13 communications, but why did she send it to
14 you?

15 MR. CERESNEY: Well --

16 BY MS. WAXMAN:

17 Q Did you ask her?

18 MS. WAXMAN: That's not privileged,
19 why.

20 MR. CERESNEY: It depends it. Could
21 be.

22 But do you remember?

23 THE WITNESS: I don't remember.

24 BY MS. WAXMAN:

25 Q Okay. And what did the document

1 say, the actual document?

2 MR. CERESNEY: Yeah. But I don't
3 know -- obviously, there is -- I don't know
4 which document this is and whether --

5 THE WITNESS: I didn't read it. I
6 remember not reading it.

7 BY MS. WAXMAN:

8 Q Was it a legal memo from the law
9 firm by the name of Perkins Coie?

10 A I don't know.

11 Q Was it from 2012?

12 A I don't know.

13 Q Did it refer to XRP as Ripple
14 Crotus?

15 A I don't know.

16 MR. CERESNEY: She's just trying to
17 see if any of this refreshes --

18 THE WITNESS: I remember not reading
19 it. So --

20 BY MS. WAXMAN:

21 Q Why didn't you read it?

22 A I don't remember why I didn't read
23 it. Probably busy.

24 Q Did you ever discuss, other than
25 privileged communications, with anyone at the

1 company whether or not XRP could be deemed a
2 security?

3 A Yes.

4 Q Okay. And when was that first
5 discussion?

6 A I don't remember.

7 Q Was it before you started or --

8 A No.

9 Q Did you have that discussion in
10 2017?

11 A I don't remember if it ever came up
12 in 2017.

13 Q When did it first come up?

14 A I don't remember when it first came
15 up, but I remember it being, like, a topic in
16 that April, March of 2018.

17 Q And the date that's -- the memo, is
18 that before or after the time that you
19 remember the topic coming up?

20 A I think it was before.

21 Q Before then, had you ever thought
22 whether or not XRP could be deemed a security?

23 A I don't know.

24 Q Is your answer "yes" or "no" or, "I
25 don't know"?

1 MR. CERESNEY: I think he said, "I
2 don't know."

3 THE WITNESS: I don't know. I can't
4 remember if -- when the first time I thought,
5 "Oh. Might XRP be a security?" I just don't
6 remember that.

7 BY MS. WAXMAN:

8 Q The thought did come into your head
9 at some point?

10 A At some point, yeah.

11 Q And what was your understanding? I
12 know you're not a securities lawyer or -- do
13 you have an opinion?

14 MR. CERESNEY: Again, here you have
15 to divorce anything you might have learned
16 from counsel or discussions you've had with
17 counsel.

18 THE WITNESS: Yeah. My opinion as
19 to whether or not -- I feel my comfort with
20 XRP comes from the fact that, to me, it's
21 always felt like a commodity. I've just always
22 viewed it that way, and I've treated the kind
23 of -- my efforts to grow liquidity the same
24 way I did in commodity futures. There is some
25 real parallels there in terms of the supply,

1 demand dynamics in gold in particular, I mean,
2 crude, that always seem to really just fall
3 neatly into not just XRP but digital
4 currencies broadly.

5 BY MS. WAXMAN:

6 Q How did the fact that there was a
7 company, Ripple, that owned a large amount of
8 XRP play into that --

9 A To me, it was similar to Barrick
10 Gold, who is a large producer of gold, who
11 owns a ton of gold, or DeBeers or, you know,
12 Exxon Mobil, which may have a lot of oil.
13 Owning a lot of the commodity didn't feel like
14 a factor in that consideration.

15 Q Did you consider -- okay. Did you
16 have discussions at the company about
17 announcements that would be a positive effect
18 on XRP's price?

19 A I don't remember any specific
20 announcements.

21 Q No. That's not my question. Did
22 you discuss generally with Patrick or others
23 the idea that the company wanted to have
24 announcements that would have a positive
25 effect on the XRP price?

1 A No. The goal of announcement,
2 especially in my mind's eye, is -- price is
3 gonna do what the price is gonna do. You
4 should never do anything or announce anything
5 to have an impact on price. So --

6 Q That was your opinion. Did others
7 in the company have a different opinion?

8 A I don't know. I don't know.

9 Q All right.

10 (SEC Exhibit No. 46 was
11 marked for
12 identification.)

13 BY MS. WAXMAN:

14 Q Showing you what has been marked as
15 Exhibit 46, which is an e-mail chain dated,
16 November 22nd, 2017. The subject is "XRP
17 Trading Volume Update." The bottom e-mail is
18 an e-mail from Patrick to you dated, November
19 1st, 2017. At the very bottom, it says --
20 under Actionable incites, it say, "Continue to
21 drive interest in XRP by communicating
22 progress to the market." And then on the next
23 page with the sentence, it says, "Separately
24 we are looking at what we can do to accelerate
25 and prioritize XRP beneficial announcements

1 and will be coordinating with Monica's team on
2 deck for XRP we have." And it lists six items.
3 Did you discuss with Patrick this idea of
4 prioritizing or accelerating XRP beneficial
5 announcements?

6 A No. I don't remember doing so.

7 Q Did you discuss that with anyone?

8 A I don't remember doing so.

9 Q Do you remember that there way
10 something that the company was doing?

11 A No.

12 Q No?

13 A Announcements for sake of the
14 benefit of XRP? No.

15 Q Well, that's what it -- what is your
16 understanding of that statement?

17 A I don't know exactly what he means
18 by that.

19 Q When he says XRP beneficial
20 announcements, is he talking about
21 announcements that will benefit the price?

22 A I don't know.

23 Q And who is Monica?

24 A Head of marketing.

25 Q Why don't we just assume he's

1 talking about announcements that are gonna
2 benefit the price. Why do you think the first
3 one would benefit XRP's price? When he
4 says --

5 A I don't know.

6 Q What about the second bullet, why
7 would that have a positive effect on XRP's
8 price?

9 A I don't know that it would.

10 Q Any of the others?

11 A Three and four are more about
12 liquidity, at least the way I'm reading it.

13 [REDACTED] is Middle Eastern exchange [REDACTED] is a
14 USD pair. Those would be beneficial to
15 liquidity.

16 Q Would those create speculative
17 interest in XRP?

18 A I'm sorry. I didn't mean the
19 announcement. I meant the actual doing of the
20 thing would benefit liquidity. The
21 announcement, I don't know.

22 Q What about five or six, would the
23 announcements have any positive effect on XRP?

24 A Well --

25 Q Well, the earlier, the previous

1 testimony, we talked about how the escrow
2 would have a positive effect on the price.

3 A It should. You're removing supply
4 risk, which in any other market, would remove
5 risk. So that should be beneficial to the
6 price.

7 Q Right. I think we looked at a deck
8 where you estimated that the price would go up
9 by certain --

10 MR. CERESNEY: I think that was in
11 connection with the announcement of the
12 escrow, not the completion of the escrow. The
13 escrow was announced in May. We're now
14 talking about the completion. So it's
15 different.

16 MS. WAXMAN: Thank you.

17 BY MS. WAXMAN:

18 Q At the top of the e-mail right under
19 the graph, that paragraph, it talks about a
20 lack of the interest in XRP.

21 Do you know why there was a lack of
22 interest?

23 A I don't.

24 MR. CERESNEY: Just a reminder, if
25 we could --

(SEC Exhibit No. 47 was
marked for
identification.)

BY MS. WAXMAN:

Q Showing you what been marked as
Exhibit 47, which is an e-mail from you to
Patrick, [REDACTED] and a couple others,
dated November 15, 2017.

A Okay.

Q Turn to the very first page in the
e-mail. You write, "As a we all need to be
very disconcerting about how we speak about
XRP to anyone outside of the organization. We
do not want to make recommendations to
purchase or claims that the price will
increase in value." Why did you send them that
e-mail?

A It's always been my opinion, at
least since I've been at the company, that
making any claims about pricing or -- it's not
silly, but it's -- we're long a lot of XRP.
What do you expect me to say? That it's no
good? That it doesn't work? My only job in
hoping to grow liquidity for XRP is awareness,
understanding, and if people want to buy it,

1 great. If people want to sell it, great. Do
2 what you may as long as you're participating
3 in the market. That's a win for us. Right.
4 So I just always felt it's a little
5 disingenuous for anybody inside to be like,
6 "Hey, you should buy XRP."

7 Q Is that the only reason you sent
8 this e-mail because you thought it was
9 disingenuous for people to promote XRP?

10 A Yeah. I just don't think it --
11 again, this idea of allowing XRP to kind of be
12 trusted in terms of market dynamics, in terms
13 of fit for purpose, you want XRP's utility to
14 shine in the use case, and you want that to
15 come through in terms of actual use and
16 utility. None of that is helped by telling
17 someone to buy or making claims about the
18 price. At a very real level, the price
19 doesn't matter for the use case. The price is
20 gonna do what the price is gonna do. It's a
21 market. So that is a tangent that is not
22 helpful to anything that we're doing.

23 Q Would you personally benefit if the
24 XRP went up in price?

25 A I did, yes.

1 Q How did you benefit?

2 A Shares in the company and I own XRP.

3 Q And would speculators benefit with
4 an increase in price?

5 A If they own XRP.

6 Q Did you tell people to be dis- --
7 careful about how they speak about XRP outside
8 of the organization at the direction of
9 anybody in the company?

10 A No.

11 Q Was it based on a concern that XRP
12 could be deemed a security if the company were
13 making claims about increase in value?

14 A No.

15 Q Did anyone ever tell you not to talk
16 about an increase in price in XRP other than
17 conversations with counsel?

18 A Not that I remember, no.

19 Q Did you have any discussions with
20 Chris Larson about it?

21 A No.

22 Q Did you have any discussion with
23 Brad Garlinghouse?

24 A No.

25 Q Did you have any discussions with

1 David Swartz?

2 A No.

3 Q Were you aware that David Swartz
4 would make statements on Reddit about the
5 increase in value on XRP?

6 A No.

7 Q Did you make postings on XRP Chat or
8 Reddit?

9 A XRP Chat, not Reddit.

10 Q So were you following some of the
11 postings on XRP Chat?

12 A Tangentially.

13 Q Did you ever see David Swartz's
14 posts on XRP Chat?

15 A I saw a few.

16 Q Did you see any of them in relation
17 to the rise in value of XRP?

18 A I don't remember any around the
19 price, no.

20 Q How would an increase in price in
21 XRP benefit the company, Ripple?

22 A We own 50 billion XRP. It's our
23 primary asset. So an increase in value would
24 help the company be more valuable.

25 Q I have one more exhibit if --

1 MR. CERESNEY: 1 o'clock. I asked
2 you, you know, two hours ago. Sorry.

3 MS. WAXMAN: To be continued. We're
4 off the record at 12:59.

5 (Whereupon, at 12:59 p.m., a
6 luncheon recess was taken.)

7 A F T E R N O O N S E S S I O N

8 BY MS. WAXMAN:

9 Q So we're back on the record at 1:46.
10 Mr. Vias, while we were off the record, did
11 you have any conversations with the Staff?

12 A No.

13 Q Mark this as the next exhibit.

14 (SEC Exhibit No. 48 was
15 marked for
16 identification.)

17 BY MS. WAXMAN:

18 Q Mr. Vias, I'm showing you what has
19 been marked as Exhibit 48, which is a legal
20 memo from a law firm by the name of Perkins
21 Coie, dated October 19th, 2012. Do you wanna
22 take a look at it?

23 A I just -- yeah.

24 MR. CERESNEY: Just look at it. The
25 first question is to look at it. Take it step

1 by step. This is a long document. So --

2 THE WITNESS: I know, yeah.

3 MR. CERESNEY: Yeah. Just read as
4 much as you can because the next question's
5 gonna be -- do you want to direct him to
6 something?

7 MS. WAXMAN: Yeah.

8 BY MS. WAXMAN:

9 Q Take a look at page one and two, and
10 I would read up to about page eight.

11 MR. CERESNEY: Okay.

12 THE WITNESS: Okay.

13 BY MS. WAXMAN:

14 Q And then I would skip over to page
15 16, 17, and 18, and some of it has legal
16 stuff. So I wouldn't expect you to pay too
17 much attention to that.

18 A Okay. You said 16 to 18?

19 Q Yes. You don't have to whisper even
20 though everyone's on their computers.

21 MR. CERESNEY: We've already read
22 the document.

23 THE WITNESS: I assumed so.

24 MR. CERESNEY: Just so you
25 understand why we're on our computer.

1 THE WITNESS: I -- yes. Okay.

2 BY MS. WAXMAN:

3 Q Okay. Great. Before we broke, you
4 had mentioned a legal memo that had been
5 forwarded to you.

6 A Yeah.

7 Q Is this the document?

8 A I don't recognize this document.

9 Q Okay.

10 A This is the first time I've seen it.

11 Q Okay. Do you recall that it was a
12 different legal memo, or you just don't know?

13 A I just don't know.

14 Q Okay.

15 A Yeah.

16 Q The very first page talks about
17 Ripple credits. Have you ever seen the
18 company use the term Ripple credits for XRP?

19 A I think this is the first time I'm
20 seeing it.

21 Q This is first time you're seeing the
22 company refer to Ripple credits?

23 A Yes.

24 Q Okay. So is your understanding
25 based on your read of the document that Ripple

1 credits are the same things as XRP?

2 A Seems reasonable to assume.

3 Q I'm gonna ask you make that
4 assumption from this document.

5 A Okay.

6 Q If you turn to page two of the
7 document towards the bottom, it says that,
8 "The founders will not accept an investment in
9 the company in exchange for issuance of Ripple
10 credits."

11 A "Instead will receive stock."

12 Q I'm talking about the founders, not
13 the investors, just the first part of the
14 sentence?

15 A Okay.

16 Q So it says, "Founders will not
17 accept investment in the company in exchange
18 for Ripple credits," which we're assuming is
19 XRP. Did you ever discuss that with anyone at
20 the company?

21 A No. I'm not even sure what this
22 means.

23 Q Okay. That's fine.

24 MR. CERESNEY: Fair question.

25 THE WITNESS: It's just confusing. I

1 don't know.

2 BY MS. WAXMAN:

3 Q Well, my understanding -- I read the
4 document. My understanding is that, instead
5 of getting Ripple stock in the company,
6 they're gonna receive XRP.

7 A Okay. In exchange for the
8 issuance --

9 MR. CERESNEY: Well, not a question.
10 It's her understanding.

11 THE WITNESS: I don't understand it
12 at all.

13 BY MS. WAXMAN:

14 Q That's fine. Did, at some point in
15 time, Ripple distribute XRP for no
16 consideration, for no money -- an exchange for
17 nothing of value?

18 A Did Ripple give away XRP?

19 Q Yeah.

20 A There were -- it was a bonus, at one
21 point, that the company gave out to employees.
22 I think that was at the end of '18. Yeah.
23 Before that, I have heard there were
24 giveaways, but I don't know any specifics.

25 Q Okay. Were you with the company at

1 the time?

2 A No.

3 Q Turn to the recommendation section,
4 starting on page six. Paragraph C, the last
5 sentence, says, "It will be important that the
6 company founders do not mislead participants,
7 particularly with regards to the liquidity and
8 expectations concerning the value or safety of
9 Ripple credits." Did you ever have any
10 discussions with anybody related to that
11 recommendation?

12 A No.

13 Q If you go down to F, the very bottom
14 of the paragraph, at the beginning says, "Do
15 no promote Ripple credits as being an
16 investment opportunity," and at the end it
17 says, "Founders in company should make clear
18 its mission is to facilitate online commerce,
19 not investment trading." Did you ever discuss
20 that recommendation with anyone at the
21 company?

22 A No.

23 Q Did you ever discuss anything that's
24 in the memo with anyone in the company?

25 A That's the first time I've seen this

1 document.

2 Q I understand, but I'm talking about
3 the recommendation.

4 A I didn't know these recommendations
5 existed.

6 Q Okay. If you look at the next page,
7 page eight, the page at the very end of the
8 paragraph, it says, "Memos cannot be paid in
9 Ripple credits." Did you ever --

10 A You mean H, "Do not use Ripple
11 credits --"

12 Q Yeah. You just said some people
13 were provided Ripple XRP in connection with
14 their employment. Did you receive XRP in
15 connection with your employment?

16 A I did.

17 Q And was it part of a compensation
18 agreement or --

19 A So I received XRP in three ways. So
20 it was my initial signing bonus. I chose to
21 have an XRP. I had the choice, and I took it
22 in XRP.

23 Q How much XRP?

24 A I don't remember the exact amount.

25 Q What was the value?

1 A I think [REDACTED] That was the
2 signing bonus.

3 Q Okay.

4 A And then the first two months at the
5 company, I took my expenses in XRP. And then
6 the only other time was the end-of-year bonus
7 that was company-wide. I think that was the
8 end of '18.

9 Q What do you mean by company-wide?

10 A It was for every employee.

11 Q Every employee received the same XRP
12 bonus?

13 A Yes.

14 Q And what was the value of the XRP?

15 A I don't remember.

16 Q How much XRP was it?

17 A I don't remember the amounts. It
18 was less than [REDACTED] I can say that.

19 Q Other than that, did you receive any
20 XRP in connection with your employment?

21 A No.

22 Q Did you buy XRP in the open market?

23 A I did.

24 Q And approximately, how much have you
25 bought since you started working at Ripple?

1 A On a net basis, [REDACTED]

2 Q And what about gross?

3 A I don't know. Actually, I

4 think -- -- the most XRP I ever owned was [REDACTED]

5 [REDACTED] XRP. We'll say that, that I bought

6 personally.

7 Q And did you make money? Have you

8 profited from any of the purchases?

9 A I have.

10 Q And about how much have you made in

11 profits?

12 A In terms of the mark to marked or

13 liquidation? Profit, like how?

14 Q Actual XRP that you've sold for

15 either virtual currency or via --

16 A Right. It's a little under [REDACTED]

17 [REDACTED]

18 Q And the XRP that you purchased, did

19 you purchase it over the counter, on

20 exchanges, or both?

21 A I can't remember if I made any

22 purchases over the counter, but I definitely

23 had sales both over the counter and on

24 exchanges.

25 Q And the XRP, did you purchase equal

1 amounts on OTC and exchanges or what --

2 A I don't remember if I had purchases
3 over the counter.

4 Q Okay.

5 A But no, this was no equivocation of
6 amounts based on venue.

7 Q Was Ripple aware of your purchases
8 of XRP?

9 A I don't know.

10 Q Were there any restrictions placed
11 on your sales?

12 A No.

13 Q Did you ever -- so you could sell at
14 any point in time?

15 A Yes.

16 Q Did you have any reporting
17 requirements with respect to your purchases or
18 sales?

19 A Eventually, the company put in a
20 reporting requirement.

21 Q And around what time?

22 A I think that was Q-4, 2018.

23 Q And did they place any restrictions
24 on the sales that you could make at that time?

25 A No. At that time, it was just

1 reporting. I believe there is now -- I think
2 there is a policy now that basically, in
3 transactions that you have, you have to report
4 to the company or you're not -- there is a new
5 policy. I don't know the details.

6 Q I'm just trying to understand.
7 There is a difference between actual just
8 reporting and restricting companies, you know,
9 during a specific period of time or
10 restricting amounts, things like that.

11 A I think now there is -- I think the
12 way the policy works now is, you have to
13 report ahead of time some sort of a plan to
14 the company, and if you don't do that, then
15 you can't transact in XRP while you're an
16 employee.

17 Q And is there any transparency into
18 your accounts by the -- can the company see
19 when you're trading? Do you have to have the
20 accounts at a certain place or anything like
21 that?

22 A No.

23 Q Honor system?

24 A What the company can see is the
25 wallets. So if you reported to the company

1 that you have a wallet where you keep XRP,
2 they can monitor that, but anything on
3 exchange, they can't see.

4 Q Okay. Did you accumulate the
5 position over time?

6 A Mostly fourth quarter of 2016, first
7 quarter of 2017.

8 Q Q-4, 2016, and Q-1 17?

9 A (Nodding.)

10 Q And why did you purchase XRP at that
11 time?

12 A At the time, it was a subtle penny.
13 It was incredibly inexpensive. I joined
14 Ripple because I'm a big believer in crypto
15 currencies broadly, XRP specifically, and it
16 was my opinion that over time that it will
17 increase in value.

18 Q Did you ever purchase it at prices
19 where it was a penny or more?

20 A The core position I accumulated at a
21 subtle penny. I think I may have bought some
22 at around a penny.

23 Q Did you think that the price was
24 gonna increase?

25 A Yeah. That's why I bought it.

1 Q So you bought it for investment
2 purposes?

3 A Yeah.

4 Q Why did you think the price would
5 increase?

6 A Well, again, I'm a big believer in
7 crypto currency. So I think the space,
8 generally, is bound to grow over time in terms
9 of evaluation as an asset class, and I thought
10 and still think XRP is probably the best
11 digital currency, speed, efficiency, clear use
12 gaze. So that was enough.

13 Q Did you think that you personally at
14 Ripple or anyone else at Ripple would have --
15 would cause the price of XRP to increase?

16 A No.

17 Q No? Why not?

18 A So I'm speaking about me in
19 particular. They brought me on to -- to grow
20 the quarterly for XRP. XRP was subtle paying.
21 So it couldn't have been much cheaper. And I
22 did think, if we grew liquidity for it, if we
23 expanded the markets for it, that should
24 accrue the value. Being a more liquid asset,
25 generally, is a more valuable asset because,

1 at the very least, you can get in and out of
2 it. Assets that are not liquid are not very
3 useful or valuable. From that standpoint,
4 yes.

5 Q You thought, by growing liquidity,
6 Ripple's efforts to grow liquidity would cause
7 increase in XRP's price?

8 A I thought it could. No guarantees.

9 Q Any other things that made you feel
10 that Ripple -- your individual efforts at the
11 company or anyone other's efforts would lead
12 to an increase in price of XRP?

13 A Not when I was purchasing the XRP,
14 no.

15 Q Set aside the purchases, just in
16 general.

17 A Well, we talked about escrow and
18 kind of that supply overhang.

19 Q Sure.

20 A That being something that -- yeah,
21 could lead -- any time you constrict supply,
22 prices tend to go up.

23 Q Before the break, we spoke about an
24 e-mail where Patrick was recommending news
25 that would have a positive impact on the

1 price.

2 A That it would be beneficial to XRP.

3 Q Right, right. Is that different from
4 what you were just talking about?

5 A Well, just in that example, we talk
6 about -- there was two bullet points at the
7 end that mention -- I think it was [REDACTED] and
8 another liquidity, [REDACTED] and in my
9 opinion, I don't know how that would be
10 beneficial to the price of XRP.

11 That's more about liquidity. When I
12 think about beneficial XRP, I think about
13 liquidity.

14 Q I'm talking about the general idea
15 that he was referring to in the e-mail.

16 MR. CERESNEY: I think he's saying
17 that, when it said beneficial, he could
18 determine that to mean liquidity. Could be
19 price. Could be liquidity.

20 THE WITNESS: That's not what
21 Patrick said.

22 MR. CERESNEY: Could be what he
23 meant but --

24 THE WITNESS: Yeah, could be, but
25 that's not what he said.

1 (SEC Exhibit No. 49 was
2 marked for
3 identification.)

4 BY MS. WAXMAN:

5 Q I'm showing you Exhibit 49, which is
6 a PowerPoint presentation, dated November 3rd,
7 2017, titled, "XRP Sales and Market Update and
8 Preread." Is this a deck that you generally
9 prepared for your meeting -- your weekly
10 meetings with Brad and others regarding XRP
11 sales?

12 A Yes.

13 Q If you turn to page five, under
14 actual insights, it repeats what we saw in the
15 other exhibit about accelerating or
16 prioritizing XRP beneficial announcements.
17 Did you discuss that with -- during the weekly
18 sales meeting?

19 A I don't remember. So this was the
20 preread?

21 Q Mm-hm.

22 A We sent this out the night before.

23 Q Mm-hm.

24 A Everything in the preread wasn't
25 discussed in the sales meetings. Sometimes

1 none of it was.

2 Q Was it circulated?

3 A Yes, this was circulated.

4 Q Do you know if people read it?

5 A I don't.

6 Q What number is that?

7 A 49.

8 Q Thanks.

9 (SEC Exhibit No. 50 was
10 marked for
11 identification.)

12 BY MS. WAXMAN:

13 Q I'm showing you what has been marked
14 as Exhibit 50, which is a deck from March
15 23rd, 2018, entitled, "XRP Sales."

16 A Okay.

17 Q Oh, sorry.

18 A No, it's okay.

19 Q So turning to page 17, did you draft
20 this part of the report?

21 A I don't remember.

22 Q Did you --

23 A It's likely that Danuka drafted
24 this, actually.

25 Q Would you have reviewed it?

1 A Yes.

2 Q The very last sentence says, "If
3 more XRP-specific news catches the market's
4 attention once regulations fears subside, XRP
5 should be able to outperform the rest of the
6 market going forward." What did you mean by
7 outperform the market?

8 A All right. So these may not be my
9 words.

10 Q What do you understand this to mean?

11 A So I would understand that XRP would
12 increase in value more quickly than the rest
13 of the market, than the rest of the crypto
14 currency market.

15 Q You mean increase in price?

16 A Yes.

17 Q And that was because of news
18 specific to XRP hitting the market?

19 A Yes.

20 Q Would you turn to page four. I
21 think I understand what was going on -- last
22 time we spoke about the problematic sales and
23 that they -- you guys said the amount of
24 problematic sales is based on a percentage of
25 volume per quarter; is that correct?

1 A Correct.

2 Q Within the quarter, did you make
3 adjustments on a weekly basis?

4 A We didn't make adjustments on a
5 weekly basis, but we discussed either
6 remaining the same or adjusting.

7 Q So if the goal was -- what was the
8 typical goal for the quarter?

9 MR. CERESNEY: In terms of value?

10 MS. WAXMAN: Yes.

11 MR. CERESNEY: At Ripple trading?

12 MS. WAXMAN: Yeah, sorry.

13 THE WITNESS: So what was the goal
14 for sales or overall volume goal or -- By MS.
15 WAXMAN:

16 Q What were the goals for the amount
17 of problematic sales per quarter? So my
18 understanding it was measured by a percentage
19 of volume. So what was -- what percentage?

20 A It varied but anywhere between 10 to
21 20, 25 basis points out of overall.

22 Q That was on a quarterly basis?

23 A Correct.

24 Q So earlier in the quarter, it could
25 have been much higher?

1 A Right.

2 Q So the goal was to get that over the
3 entire quarter. So if it was really high in
4 the beginning, maybe you would need to
5 decrease it in order to meet that quarterly
6 goal?

7 A Correct.

8 Q And I've read in the documents there
9 is a term covered exchange. What does that
10 refer to?

11 A That means that one of the market
12 makers that are selling XRP for us can sell on
13 that exchange.

14 Q Okay. And so were there volume
15 percentages targeted for covered exchanges?

16 A Yes.

17 Q And did that change, as well, during
18 the quarter?

19 A So covered exchanges are the only
20 exchanges that we can sell on.

21 Q Right. Okay. And did it -- did the
22 covered exchanges change throughout the
23 quarter?

24 A The number would increase generally,
25 right. So we would add more exchanges. I

1 can't remember moving any.

2 Q And the volume on these exchanges
3 would fluctuate?

4 A Yes.

5 Q So would you be adjusting the
6 percentage?

7 A No, not on an exchange-by-exchange
8 basis. So it was the same percentage on all
9 the exchanges. So if we were gonna adjust the
10 percentage, it would be in uniform.

11 Q For all the covered exchanges --

12 A For all that covered exchanges.

13 Q -- for that period? But you would
14 adjust it within the quarter?

15 A Yes.

16 (SEC Exhibit No. 51 was
17 marked for
18 identification.)

19 BY MS. WAXMAN:

20 Q Showing you what been marked as
21 Exhibit 51, which is an e-mail chain, dated
22 March 20, 2017. The top e-mail is from
23 Patrick Griffin to you. I'm just gonna ask
24 you about the first page.

25 A Oh, okay.

1 Q So --

2 A Okay.

3 Q So the bottom e-mail references --
4 says that you chatted with Chris. This is in
5 2017. And in the middle, you say that
6 during -- you say, I guess -- are you relaying
7 what -- part of your conversation with Chris?

8 A Yeah. That's how I'm reading this.

9 Q Do you recall the conversation?

10 A I don't.

11 Q It says, "He said I should feel free
12 to be as aggressive as I need to push the ball
13 forward, once in a lifetime opportunity that I
14 shouldn't squander." What were you talking
15 about?

16 A Again, I don't remember specifics,
17 but I'm guessing my role in XRP markets and
18 the opportunity to grow liquidity for XRP.

19 Q What did he mean by aggressive?

20 A Again, I'm not -- I mean --

21 Q Okay.

22 A A little bit of this is coming back
23 to me. This is -- Chris said I should feel
24 like I have agency in terms of my initiative
25 in terms of what I should be pushing forward,

1 what I think is best, something around
2 consensus building, more like telling me,
3 "Lead, lead."

4 Q At the top of the page, Griffin
5 writes, "Did you start by telling him we want
6 him to lock up his XRP?" Why would you tell
7 him that?

8 A I don't know why he said that.

9 Q Would locking up his XRP be a good
10 thing?

11 A I don't know.

12 Q Okay.

13 A Okay.

14 Q Well, earlier, we talked about
15 Ripple locking up its XRP. Do you think due
16 to concerns in the market over mistrust what
17 Ripple would do if the market --

18 A Ripple has a lot more XRP than
19 Chris.

20 Q Sure.

21 A A lot more.

22 Q Regardless of the difference in
23 amount, do you think people had mistrust over
24 whether he would dump his XRP?

25 A No, I don't think so. Again, I

1 don't know why he's saying this.

2 Q Do you know how much XRP Larson had?

3 A Had --

4 Q Had at that time.


5 A -- or has? No.

6 (SEC Exhibit No. 52 was
7 marked for
8 identification.)

9 BY MS. WAXMAN:

10 Q Showing you what has been marked as
11 Exhibit 52, which is an e-mail on May 6 of
12 2017, from you to Patrick, subject, "Comp
13 discussion." When did you start with the
14 company again?

15 A November 28, 2016.

16 Q Okay. So within less than a year,
17 you had requested for an option to purchase
18  XRP.

19 MR. CERESNEY: You gotta answer
20 "yes."

21 THE WITNESS: Yes.

22 BY MS. WAXMAN:

23 Q So what prompted you to make that
24 request?

25 A I don't remember the exact thing

1 that prompted me to make the request, but I
2 did want more compensation.

3 Q Why did you ask for additional
4 compensation in the form of XRP and the
5 option?

6 A The form of XRP is because it's what
7 the company had the most of. It's easier for
8 the company to pay in XRP because it has more
9 of it than cash or shares. I'm sorry what was
10 the second part?

11 Q Why did you ask for the additional
12 compensation in XRP? That was the question.

13 A No. There was a second part to
14 that.

15 Q And why did you ask for an option?

16 A I don't remember why I asked for an
17 option.

18 Q Do you know what the price was at
19 the time you made your request?

20 A I don't remember.

21 Q What was the option valued at at the
22 time you made the request?

23 A I don't know. That's a complicated
24 option.

25 Q Do you have any idea?

1 A I don't.

2 Q You say, "I've added a lot of value
3 to XRP since I've joined and will continue to
4 do so. As a result, I should have the
5 opportunity to significantly participate in
6 its appreciation." Are you talking about the
7 appreciation in the price of XRP?

8 A Yes.

9 Q And as we discussed earlier, did you
10 think your efforts played a key part in
11 causing the price to increase?

12 A I thought that the efforts around
13 liquidity building awareness were definitely
14 helping.

15 Q And did you think there were other
16 efforts outside the company that were helping
17 to increase the price?

18 A I don't remember.

19 Q Sorry. Did you think there were
20 efforts outside of your group, other efforts
21 within your company outside of your group,
22 that were helping to increase the price?

23 A Can you just rephrase that a little
24 bit.

25 Q It's okay. Did you know if others

1 had received similar types of compensation?
2 When I say similar, like XRP options or large
3 amounts of XRP that could be cashed in at
4 certain prices.

5 A So I knew [REDACTED] had an option.

6 Q Who is [REDACTED]?

7 A [REDACTED] was an employee of the
8 company, and he's also one of the investors.

9 Q And do you know how he got his XRP?

10 A I don't know how he got all his XRP,
11 but I know he had an option.

12 Q In connection with his employment?

13 A That, actually, I don't know.

14 Q Okay. Anyone else?

15 A In terms of options or just large
16 grants?

17 Q Both.

18 A Options, I don't think so. Large
19 grants, a jet, Chris at the beginning, Arthur
20 Brittle. That's probably it.

21 (Reporter asked for clarification.)

22 BY MS. WAXMAN:

23 Q What about the CEO?

24 MR. CERESNEY: You mean Brad
25 Garlinghouse?

1 MS. WAXMAN: Yeah.

2 MR. CERESNEY: Because he wasn't CEO
3 at the time.

4 THE WITNESS: By this time, he was.
5 I was not aware whether he had any large
6 grants of XRP.

7 BY MS. WAXMAN:

8 Q What about David Swartz?

9 A No.

10 Q What reaction did you get to your
11 request?

12 A A pretty firm "no."

13 Q Did they give you a reason?

14 A Yeah. They just didn't. You mean
15 besides what's in the e-mail?

16 MS. WAXMAN: I didn't give him the
17 full e-mail.

18 MR. CERESNEY: Well, I have --

19 MS. WAXMAN: I'm sorry. I only gave
20 him one page. Sorry. He only has one page.
21 So give those back.

22 MS. WAXMAN: I did that on purpose
23 because he's not copied on the top e-mail.

24 MR. CERESNEY: The top e-mail
25 actually ends up getting sent. Do you not

1 have that?

2 MS. WAXMAN: I do but -- yeah.

3 MR. CERESNEY: Okay.

4 MS. WAXMAN: Yeah. That's just the
5 one page. So --

6 BY MS. WAXMAN:

7 Q So it was a firm "no"? Did he tell
8 you why?

9 A Yeah. He didn't think it was
10 reasonable.

11 Q And did he explain any more why he
12 didn't think it was reasonable?

13 A Yeah. I think time at the company
14 wasn't enough, team effort, along those lines.

15 Q Did you get any additional increase
16 in compensation?

17 A I did.

18 Q At that time?

19 A I did, yeah.

20 Q Oh. So you didn't get this, but you
21 got something else? What did you get?

22 A More shares in the company.

23 Q How many shares?

24 A 

25 Q And were there any restrictions

1 or --

2 A Yeah. So just standard one-year
3 cliff. Monthly vesting after that.

4 Q Did you feel like you -- what was
5 your reaction when he said no to this request?

6 A I was disappointed.

7 Q Why?

8 A I didn't get what I wanted.

9 Q What was the value of those [REDACTED]
10 shares at the time?

11 A I have no idea but -- given my
12 initial share allocation when I signed, it was
13 a significant increase.

14 Q When did you get when you signed?

15 A I can't remember if it was [REDACTED] or
16 [REDACTED] shares. I can't remember.

17 Q Did this prompt you to buy XRP in
18 the open market?

19 A No.

20 Q So that was separate from this?

21 A Yes.

22 MR. CERESNEY: Can we set the time,
23 the first quarter of 2017.

24 MS. WAXMAN: Q-4 of 2016 and --

25 MR. CERESNEY: First of 2017.

1 BY MS. WAXMAN:

2 Q Earlier, you said you thought it was
3 disingenuous to communicate to people that
4 Ripple's efforts would cause the price to
5 increase, but yet, you were asking for -- you
6 were buying XRP in the market with the hopes
7 that you would make a profit, and you're
8 asking for more compensation because you
9 thought your efforts and the company's efforts
10 had played a value in increasing the value of
11 XRP. So that doesn't really make sense to me
12 why you wouldn't wanna communicate to the
13 market -- to people outside -- why you sent
14 that e-mail saying -- and I can pull it up
15 again.

16 A No, no. I remember.

17 Q You know, "We need to be careful
18 about how we talk to people about XRP outside
19 the company."

20 MR. CERESNEY: Is that a question?

21 MS. WAXMAN: Well, that's a comment.

22 BY MS WAXMAN:

23 Q You know, I'm having a hard time
24 with that earlier statement that you said, you
25 know, your reasoning for sending this e-mail,

1 which is marked as Exhibit 47. So is there any
2 other reason that you sent that e-mail and
3 made the recommendation not to talk about
4 price or to promote XRP for any increase in
5 value outside the company?

6 A No. Again, my take on this has
7 always been pretty consistent. The company is
8 long a lot of XRP. Shouting to the rafters to
9 go buy XRP from us, it's silly.

10 Q Why? Do you think it's obvious that
11 people know, because Ripple owns such a big
12 stake, that they want to see the price
13 increase?

14 A If you own 55 billion XRP, it's
15 pretty obvious you don't want it to go down.
16 So for me to come into a room and be like,
17 "You guys should really buy this. That's
18 really good for you," doesn't make any sense.

19 Q Do you think it was common knowledge
20 that Ripple had an interest in seeing the
21 price go up?

22 A It was common knowledge that we had
23 55 billion XRP.

24 Q Okay. Before we broke, we were
25 looking at a PowerPoint deck for xRapid.

1 (SEC Exhibit No. 54 was
2 marked for
3 identification.)

4 BY MS. WAXMAN:

5 Q Showing you Exhibit 54, which is a
6 PowerPoint from March, 2019, about xRapid.

7 A Okay.

8 Q Is this something that you put
9 together?

10 A Someone on my team and I would have
11 reviewed it.

12 Q Okay. On the last page, page six,
13 it talks about the status with [REDACTED] It said
14 they expect [REDACTED] worth of XRP; do you
15 recall that ask?

16 A I do.

17 Q And what was the reaction at the
18 company?

19 A If I remember correctly, it was
20 pretty hard, and I pushed back. It was too
21 much.

22 Q Do you recall what they said,
23 though?

24 A I don't. This is one of the ones
25 that got signed when I was on pat leave.

1 Q Okay. Before we broke, you also
2 asked to see an agreement with a market maker.
3 So I want to show you what's been marked as
4 Exhibit 55, which is an agreement, a draft.
5 Looks like unexecuted agreement between
6 [REDACTED] and Ripple. So I just want
7 to make sure I understand. I know this wasn't
8 executed, but was [REDACTED] one of the
9 market makers you used for problematic sales?

10 A They were.

11 (SEC Exhibit No. 55 was
12 marked for
13 identification.)

14 BY MS. WAXMAN:

15 Q Is this agreement something THAT you
16 entered into in connection with problematic
17 sales?

18 A No. This is December 1st, 2016,
19 three days after I joined. So this would have
20 been drafted before I joined, and these were
21 agreements to provide liquidity on the
22 protocol if I remember correctly. We stopped
23 doing these after I joined. In fact -- yeah.

24 Q Did you enter into agreements with
25 market makers to provide liquidity on ledgers?

1 I thought that's what we had discussed last
2 time.

3 A For xRapid.

4 Q Separate from xRapid.

5 A I thought we had discussed market
6 maker agreements for XRP sales. And then the
7 leases for the market makers to go provide
8 liquidity as they saw fit wherever they could
9 or felt comfortable, but I don't remember
10 having an agreement like this with the market
11 maker for off ledger liquidity.

12 Q I just want to make sure I
13 understand that. You're probably right. I
14 just a want to make sure I understood.

15 (SEC Exhibit No. 56 was
16 marked for
17 identification.)

18 BY MS. WAXMAN:

19 Q Showing you what's been marked as
20 Exhibit 56, which is an e-mail chain from
21 February, 2019. It's an internal Ripple
22 e-mail. The subject is, "RE: Digital Asset
23 Volume Documents Dashboard For January, 2019."

24 A Okay.

25 Q So it looks like there is a lot of

1 market data being generated by people at the
2 company. Is there a group responsible at
3 Ripple for generating information in this
4 e-mail, so, you know, information about XRP
5 trading on certain platforms, volumes, XRP
6 market volume?

7 A I'm sorry. What was the question?

8 Q Is there a group at Ripple who is
9 responsible for gathering this?

10 A So this was generated by the finance
11 team, but data does similar data gathering.
12 My team does some of it.

13 Q Is this always something that is the
14 responsibility of the finance team?

15 A I believe the digital asset volume
16 dashboard, it is their internal product.

17 Q On the second page, it lists 2019
18 priority corridors. Are those still priority
19 corridors for xRapid?

20 A I believe so. I'm not sure about
21 Tybot or CAD but the rest --

22 (Reporter asked for clarification.)

23 BY MS. WAXMAN:

24 Q Looks like the volume goes down
25 sometimes. It's not always an up trajectory?

1 A Where are you looking?

2 Q The second page. For example, the
3 XRP Brazilian 19 million in volume versus 12
4 million in volume the prior month.

5 A Right.

6 Q Do you know where they're getting
7 this information from?

8 A I don't.

9 Q Earlier, we were -- was there --
10 strike that. Does the company charge for use
11 of the xRapid product? Do users have to pay a
12 fee?

13 A So if I'm -- I'm pausing just for a
14 second because the BD deals are on xRapid, and
15 then there is sales contracts for xRapid.

16 Q What is a BD deal?

17 A So America is MoneyGram. Would have
18 been business development led partnership
19 agreements, more of a partnership, and then we
20 have a sales team that goes out and sells
21 xRapid contracts or EO contracts now.

22 Q My question has to do with the sales
23 contract.

24 A I believe there is a charge, yeah.
25 I don't know I've never sold one.

1 Q Was there always a charge
2 specific -- is the charge specific to xRapid,
3 or is it a charge for use of Ripple that -- in
4 general?

5 A I don't know. I don't know how
6 those contracts are structured.

7 Q Were you ever involved in
8 discussions about new pricing considerations
9 for xRapid?

10 A In terms of, like, how much to
11 charge for it?

12 Q Yes.

13 A I don't remember.

14 Q And did you say that the company
15 does charge for xRapid sales -- the sales
16 contract?

17 A I think it does.

18 Q What -- has that been since you
19 started with the company?

20 A I think they only started selling
21 xRapid in 2018.

22 Q Right. And when did xRapid -- I know
23 we covered this -- xRapid became commercially
24 available in October 2018; correct?

25 A We had proof of concepts in early

1 '18. So I think that that feels about right.

2 Q Right. I'm recalling a press
3 release in October --

4 A Okay.

5 Q -- stating that xRapid was
6 commercially available.

7 A Right. Yeah. I don't remember the
8 press release because chances are, we would
9 have done something way ahead of it.

10 Q Did you ever have any discussions
11 about prioritizing XRP as a base currency on
12 exchanges?

13 A Yes.

14 Q And when did that start?

15 A I think early 2018.

16 Q And why would you want to do that?

17 A So the idea was, we lead the Fiat
18 liquidity for XRP for xRapid in order to get
19 in and out, and then in 2018, we started to
20 have kind of conversations around, well, might
21 there be the possibility for future uses of
22 XRP where it could be beneficial to have it as
23 a base currency, like that that liquidity?
24 Could that liquidity be helpful going forward
25 maybe in decentralized finance or some sort of

1 a use case? That wasn't clear to us yet,
2 right. There was all these things going around
3 with respect to centralized exchanges and
4 decentralized finance. None of that is Fiat
5 based. That's all crypto to crypto. So there
6 was just -- we started to focus on that a
7 little bit, and say, "Maybe that's something
8 we need to put some energy behind, as well."

9 Q Did you enter into deals that would
10 encourage that?

11 A We did. I'm trying to remember
12 which. I'm drawing a blank on which, but I
13 know we did.

14 Q Well, if we go back to Exhibit 43,
15 which is an e-mail you saw about BITTREX, it
16 talks about -- it looks like you discussed it
17 with [REDACTED] at BITTREX.

18 A Right.

19 Q Did you discuss with other
20 exchanges?

21 A I'm almost certain I did. I'm
22 blanking on names.

23 Q Would --

24 A [REDACTED] I spoke to [REDACTED] once
25 about it. It didn't go anywhere. I don't

1 remember if I spoke to **Binance** about it.

2 Q And were you able to make any with
3 that goal?

4 A Not much.

5 Q Do you know what exchanges have XRP
6 as a base today?

7 A I don't.

8 Q Would that effort help Ripple's
9 spring initiatives?

10 A Would that help spring? It could.
11 It could, yeah.

12 Q How?

13 A Well, again, insomuch as it would be
14 focused on decentralized finance,
15 decentralized exchanges where they were
16 building, essentially, a product around XRP in
17 liquidity and if XRP was helpful, would be
18 beneficial.

19 Q So you're trying to create liquidity
20 for alternate uses of XRP outside of xRapid?

21 A Correct.

22 Q So this was one of the efforts?

23 A Yeah. This would have been -- not
24 the cornerstone. That is probably a strong
25 word -- but an effort in that direction.

1 Q Was it a high priority?

2 A I think for like a month or two, it
3 felt like a high priority.

4 Q And then what happened?

5 A And then higher priorities came
6 along.

7 Q Were there any other efforts focused
8 on increasing liquidity for alternate use
9 cases of XRP?

10 A Those are the two --

11 Q The first one is X --

12 A XRapid.

13 Q I'm talking about outside of xRapid.

14 A Not that I can remember.

15 Q And how would providing liquidity
16 for alternate use cases help the company?

17 A That's less clear. Again, we
18 weren't even sure which alternate use cases.
19 I think at a high level, we had been so
20 focused on this use case, and I think there
21 was just concern that there was this
22 possibility that this kind of crypto world got
23 even bigger faster than we had anticipated;
24 and we weren't focusing on it at all.

25 Q And you still got a lot more XRP

1 locked up.

2 A Whatever we had. What date is --
3 which period are we talking about?

4 Q Well, this e-mail with BITTREX is
5 from April, 2018, but my -- yeah. That e-mail
6 the from April, 2018.

7 A Yeah. So at that point, whatever
8 was locked up, was locked up.

9 Q But I -- okay. Was there any
10 discussion at the company about the creation
11 of an internal FX trading desk?

12 A It's definitely been discussed.

13 Q Why would Ripple want to do that?

14 A You've seen many market maker
15 contracts and lease agreements.

16 Q They cost money.

17 A It is challenging to manage that.
18 With multiple parties, it gets difficult to
19 coordinate that and make sure the customers
20 get a good experience. That is something
21 that's always been, at least as long as I've
22 been there, a thought that, "Why don't we do
23 this ourselves? Why don't we provide the
24 liquidity?"

25 Q And did that discussion go anywhere?

1 A No.

2 Q Did you ever discuss it with Chris
3 Larson?

4 A No.

5 Q With Brad?

6 A I don't think so. This is just kind
7 of around the desk maybe with Patrick, but it
8 never -- it has never gotten any real traction
9 internally.

10 Q Did you have discussions with funds
11 that were looking to create XRP-specific
12 funds?

13 A When you say fund --

14 Q Well, I'm talking about [REDACTED]
15 [REDACTED] those sorts of players.

16 A I don't know [REDACTED] -- you mean
17 the [REDACTED]?

18 Q Yeah.

19 A Yeah, we did have a conversation
20 with them.

21 Q And what -- I'm asking specifically
22 about conversations regarding the creation of
23 an XRP that they would -- and that they would
24 sell shares in a fund to investors.

25 A The same as like BTC and ETC and ETH

1 all those products.

2 Q All those products.

3 A Right.

4 Q Did you have discussions with them
5 about the creation of an XRP fund?

6 A We did.

7 Q And when did those discussions
8 start?

9 A When did that start? I don't know.
10 We had them, I think, in 2018.

11 Q Taking a step back, did you have
12 discussions with other entities about the
13 creation of -- about them creating an XRP
14 fund?

15 A We did. We did.

16 Q Who else other than [REDACTED]

17 A The other name that comes to mind is

18 [REDACTED]

19 Q Anyone else?

20 A I don't remember anyone else.

21 Q [REDACTED] do you recall the name

22 [REDACTED]?

23 A I do. I know [REDACTED] I don't
24 remember -- no. I do remember. Yeah. And I
25 think that was in 2017.

1 Q And what are the purposes of these
2 conversations regarding the creation of an XRP
3 fund? How would the creation of an XRP fund
4 kind of benefit Ripple?

5 A It's another -- it's another market
6 tool or contract for people to trade, right.
7 So I think idea is that a futures contract or
8 an ETF or a fund, inevitably, someone will
9 have to go into the market and hedge that
10 risk, right, and then if people exit the fund,
11 then they have to sell; and that all creates
12 more liquidity, right. It's part of a
13 well-developed market ecosystem.

14 Q Do they fit into the specular bucket
15 in the ecosystem?

16 A Sure.

17 Q These people are not -- strike that.
18 Did you discuss with any of these folks
19 providing them with XRP that would, you know,
20 fund the XRP fund?

21 A Yes.

22 Q And which ones did you discuss --
23 did you ever enter to sell the XRP to any of
24 these entities who you say for an XRP fund?

25 A I can't remember if we actually

1 signed that deal, and I don't remember if
2 those were sales with grants. The [REDACTED]
3 they wanted us to seed the fund, just take XRP
4 and put it in their fund. I don't remember if
5 [REDACTED] was the same.

6 Q And when you say "seed," maybe
7 explain to me more of what you mean by that.
8 Would they be buying the XRP from you at a
9 discount?

10 A No, no. So they would -- they would
11 take the XRP and then issue us shares in
12 return, right.

13 Q Issue Ripple shares?

14 A No, issue shares in their fund to --

15 Q To the investors?

16 A No. To Ripple the company.

17 Q Oh, to Ripple?

18 A Yeah. So we would give them XRP,
19 and they would give us shares in that trust.

20 Q And then they would sell shares in
21 their fund?

22 A Well, then what they would -- it's
23 complicated, but they want to show AUM. They
24 want to show that this is an active, popular
25 product, right. So they have an interest in

1 showing as much AUM as possible, and the size
2 of the fund is dominated in XRP. So the idea
3 is to go to the largest holder. You ask them
4 to give you XRP. You give them shares in the
5 trust, and now your vehicle looks like it's
6 very big.

7 Q I'm more familiar with their Bitcoin
8 investment trust. So they would purchase the
9 Bitcoin from the market. So that's -- what
10 happened with that?

11 A Nothing. It didn't go anywhere.

12 Q Why not?

13 A I don't remember.

14 Q Did Ripple actively seek out these
15 opportunities?

16 A I mean, I remember use having a few
17 conversations with [REDACTED] I can't
18 remember who started it. It was a
19 longstanding relationship between the two
20 companies.

21 Q Not talking about [REDACTED] I'm
22 talking, in general, as part of your OKRs, was
23 this one of the things that was on your list
24 to, kind of, engage players to see if they had
25 an appetite for an XRP fund and how to, you

1 know, work with them to help them do that?

2 A I mean, anything that would grow
3 liquidity. So if we thought this was going to
4 be something that could increase volume in
5 liquidity, then we would seek any opportunity,
6 future, trust --

7 Q Did you engage -- look to engage,
8 you know, entities that were, you know,
9 thinking about XRP funds?

10 A Yeah.

11 MR. CERESNEY: It's a good time for
12 a break.

13 MS. WAXMAN: Sure. It's 3:10, and
14 we're off the record.

15 (A brief recess was taken.)

16 BY MS. WAXMAN:

17 Q We're on the record at 3:21. Mr.
18 Vias, while we were off the record, did you
19 have any conversations with the Staff?

20 A No.

21 Q Do you have any involvement with X
22 Spring?

23 A None -- no official capacity, no.

24 Q Unofficial involvement?

25 A Every now and again, some of the

1 Spring members will ask my opinion or talk to
2 me about what they're doing. It's more
3 collegial than anything else.

4 Q You testified the -- on your first
5 day, about XRP in connection with the ODL
6 product is demand neutral. Can you walk me
7 through that, again, and why you say that it's
8 demand neutral.

9 A Sure. So as an example, say the
10 company needs to move money from the United
11 States to Mexico and they start with US
12 dollars that they have. So in ODL, the
13 dollars purchase XRP. That XRP gets
14 transferred and then sold for Mexican Peso on
15 the receiving half. In that instance, XRP is
16 bought and sold. So there is no new net
17 demand for XRP.

18 Q So for the next transaction, they
19 could just reuse the XRP that was sold?

20 A Well, they've sold it. So they
21 started with no XRP, and they end with no XRP.

22 Q Okay. But if more people are using
23 the xRapid product, will the demand for XRP
24 increase?

25 A Not necessarily. So whether I buy a

1 trillion dollars worth of XRP and then sell it
2 in order to facilitate money movement
3 globally, or \$5 worth of XRP and then sell it,
4 the demand is still neutral.

5 Q Because at the end of the day,
6 you're not holding the XRP?

7 A Correct. The supply is the same.

8 Q Is that a problem for Ripple? Well,
9 how does Ripple envision demand for XRP to
10 increase if the xRapid product is demand
11 neutral?

12 A I don't know if there is an
13 expectation for demand for XRP to increase.

14 Q Well, is there an expectation that
15 more people will want to use XRP?

16 A When you say "people" and "use --"

17 Q An expectation that there will be
18 increased demand for XRP through by more
19 people using it.

20 A I don't know of an expectation in
21 terms of like --

22 Q Did the company tell the market that
23 they envision an increase in use of XRP?

24 A Increase of use, yes.

25 Q More use is more demand for the

1 asset?

2 A Well, no so. Let's go back to ODL
3 or xRapid, again, trillion dollars worth of
4 flow going through ODL, demand neutral; a
5 dollar going through, it's demand neutral.
6 Yeah. So it's being used, but that's note
7 increasing the demand.

8 Q So did you discuss that fact
9 internally at the company?

10 A I'm sure I have.

11 Q During your testimony last time, I
12 think you had mentioned that it was something
13 that was discussed.

14 A Yeah.

15 Q My -- I can pull up the transcript,
16 but you had said that xRapid was demand
17 neutral and that there were discussions that
18 price appreciation had to come from -- or
19 increased demand had to come from other places
20 other than from xRapid.

21 A Okay.

22 Q So I just want to better understand
23 what conversation you've had about that.

24 A Yeah. I'm just drawing a blank
25 right now.

1 Q Okay. No problem. Earlier, during
2 the first day of testimony, we spoke about
3 Coinbase and that there was a long history
4 between Ripple and Coinbase and that you
5 participated in discussions with people at
6 Coinbase regarding the listing of XRP on their
7 platform. Did you also participate in
8 discussions regarding Coinbase providing
9 custody services for XRP?

10 A Yes.

11 Q And what XRP would Coinbase custody?

12 A The company's XRP.

13 Q And why would -- how did those
14 conversations come about?

15 A If I remember correctly, the head of
16 Coinbase Custody reached out to me and wanted
17 to have a conversation around ways the two
18 companies could work together, custody being
19 one of them. He was relatively new to
20 Coinbase.

21 Q Do you remember who it was?

22 A 

23 Q Other than the custody piece or --
24 did you discuss listing by them?

25 A No.

1 Q Did the company enter into the
2 agreement with Coinbase to custody its own
3 XRP?

4 A It did.

5 Q And why did they enter into that
6 agreement?

7 A It was a bit of an olive branch. As
8 we discussed previously, there had been a lot
9 of history between the two companies, and it
10 was the opinion of, kind of, leadership that,
11 "Look. This doesn't really cost us much to do,
12 and we're two of the largest crypto companies
13 in crypto that should have a good
14 relationship. So maybe this a good way to
15 start forming that relationship up."

16 Q How much did it cost?

17 A I can't remember what the fee was.
18 There was a monthly fee. I remember that, but
19 I can't remember exactly what it was.

20 Q And why did you say it wasn't that
21 much?

22 A I just remember that being a general
23 sentiment.

24 Q Other than being an olive branch,
25 was there any other reason to enter into the

1 agreement?

2 A No.

3 Q Was it a business decision? It
4 doesn't matter. You don't have to --

5 A Okay.

6 Q At the same time that Ripple was
7 discussing the agreement, was the company also
8 in discussions about listing XRP on the
9 platform? Did those discussions overlap?

10 A No.

11 Q Are you sure?

12 A I'm pretty sure, yeah.

13 Q Did you ever discuss with anyone
14 listing XRP on the platform?

15 MR. CERESNEY: Anyone at Coinbase?

16 THE WITNESS: Coinbase?

17 BY MS. WAXMAN:

18 Q At Coinbase, yes. Thank you.

19 A I think it came up in one of the
20 meetings between our team and their team, and
21 I think it came up in that meeting.

22 Q When you say "an olive branch," did
23 you think that, if you entered into this
24 agreement, did you think there would be a
25 better chance that Coinbase would list XRP on

1 their platform? What were you hoping to get
2 out of the relationship ultimately?

3 A I think there was certainly a -- the
4 warmer the relationship, the higher the
5 probability that one day they will list XRP,
6 but it wasn't like, "Hey, if we do this,
7 they'll do this kind of an arrangement."

8 Q Did you have an understanding of why
9 they haven't listed XRP on the platform?

10 A I didn't.

11 Q Did you ever discuss internally why
12 Coinbase didn't list XRP on the platform?

13 A I mean, we did. The general
14 consensus was they didn't like XRP, and they
15 didn't like Ripple.

16 Q Did you discuss whether Coinbase
17 didn't list XRP because they believed it was a
18 security?

19 A I think that also came up.

20 Q And I don't want to learn about any
21 privileged communications you've had with
22 counsel. Did you try to convince them
23 otherwise, you or anyone else at the company?

24 A Not that I'm aware of, no.

25 Q How do you think -- ultimately, XRP

1 was listed on the platform. How do you think
2 they got comfortable with it?

3 A I don't know.

4 Q Let's look at some documents.

5 (SEC Exhibit No. 57 was
6 marked for
7 identification.)

8 BY MS. WAXMAN:

9 Q I'm showing you what has been marked
10 as Exhibit 57, which is an unexecuted copy of
11 an agreement between Ripple and Coinbase
12 Custody. Do you recognize the -- is this the
13 agreement that the company entered into with
14 Coinbase for custody services?

15 A I don't remember.

16 (SEC Exhibit No. 58 was
17 marked for
18 identification.)

19 THE WITNESS: I just don't remember
20 the document precisely.

21 MR. CERESNEY: The answer is "no"?

22 THE WITNESS: I thought I said that.

23 MR. CERESNEY: Yeah.

24 BY MS. WAXMAN:

25 Q I'm showing you what has been marked

1 as Exhibit 58, which is an e-mail chain dated
2 October, 2018, between you and [REDACTED] at
3 Coinbase.

4 A Okay.

5 Q Does this help you remember how much
6 you paid for the --

7 A Yeah, [REDACTED] basis points.

8 Q And how much was the agreement for,
9 how much XRP?

10 A Looks like [REDACTED]

11 Q And how much would that come out to
12 be?

13 A [REDACTED] basis points -- [REDACTED]

14 Q Relatively minor amount in
15 comparison to the initial [REDACTED] that they
16 asked for early on in the relationship.

17 MR. CERESNEY: Is the question
18 whether [REDACTED] is less than [REDACTED]

19 MS. WAXMAN: That's fair. Fine.

20 BY MS. WAXMAN:

21 Q If you look on the first page, you
22 write on Sunday, October 28, 2018, at 4:22,
23 "By the way, looks like we have a meeting with
24 [REDACTED] and Brad on Monday. Any color on the
25 objective there?" Did you attend a meeting

1 with [REDACTED] and Brad?

2 A I did not.

3 Q Do you know why you didn't attend?

4 A I don't know.

5 Q Are you sure you didn't attend, or
6 you just don't recall?

7 A No. I don't remember attending. I
8 did not attend that meeting. I would remember
9 a meeting with Brad and [REDACTED] I did not
10 attend that meeting.

11 Q Did the meeting happen?

12 A I don't know.

13 Q It says -- he writes back, "The
14 objective tomorrow is to discuss more ways to
15 work together after custody, specifically air
16 drops in listings." So do you recall
17 discussions about listing following this
18 October 28th e-mail?

19 A I don't.

20 Q Okay. Do you recall discussions
21 about air drops?

22 A Not after this.

23 Q And what is he talking about? I
24 know what an air drop is, but who is gonna air
25 drop what and on whom?

1 A I don't know. Air drops -- I --
2 this would be some partnership where we would
3 give a bunch of XRP to Coinbase, and they
4 would air drop it to their users.

5 Q Okay. I'm showing you what's been
6 previously marked as Exhibit 9, which is an
7 unexecuted Coinbase agreement -- called
8 Coinbase Marketing Services and Listing
9 Agreement. Have you ever seen this?

10 A No.

11 Q Did you ever know that it existed?

12 A No.

13 Q This is a draft agreement. I'm
14 not -- did you ever discuss with anyone at --
15 in Ripple a list agreement with -- that it
16 would enter into with Coinbase?

17 A No.

18 Q Is this -- are the terms in this
19 agreement a surprise to you?

20 A Yes.

21 Q Did the company enter into a listing
22 agreement with Coinbase?

23 A Not that I know of, no.

24 Q Okay. Do you know why?

25 A No, I don't.

1 Q But they ended up listing the asset?

2 A Yes.

3 Q Without a listing agreement?

4 A As far as I know.

5 (SEC Exhibit Nos. 59 and
6 60 were marked for
7 identification.)

8 BY MS. WAXMAN:

9 Q So I'm showing you what's been
10 marked as exhibits 59 and 60, and it's an
11 e-mail from you to some people at Coinbase,
12 dated January 26, 2018, with an attachment
13 called [REDACTED] listing application. This is the
14 attachment.

15 A This has --

16 Q Give that back. Thanks. MS. WAXMAN:
17 Can you mark this as 61.

18 (SEC Exhibit No. 61 was
19 marked for
20 identification.)

21 BY MS. WAXMAN:

22 Q So I've marked a new attachment to
23 Exhibit 59 as Exhibit 61. Did you draft
24 what's been marked as Exhibit 61?

25 MS. COWAN: Can we have copies of

1 59?

2 MS. WAXMAN: Sure. Sorry about
3 that.

4 THE WITNESS: So I would have helped
5 with the document, but I wasn't the primary
6 drafter. That would be legal.

7 BY MS. WAXMAN:

8 Q Okay. Are there certain portions
9 that you drafted?

10 A I don't remember. I do remember
11 filling out the boxes and stuff.

12 Q In this document?

13 A Yeah.

14 Q Any other parts of the document that
15 you recall drafting?

16 A No.

17 (SEC Exhibit No. 62 was
18 marked for
19 identification.)

20 BY MS. WAXMAN:

21 Q Mr. Vias, I'm showing you what's
22 been marked as Exhibit 62, which is an e-mail
23 from you. Doesn't seem like it was sent to
24 anyone. It's dated January 10th, 2018. If you
25 look at page six of the Exhibit 61, does that

1 help you recall if you drafted parts of
2 Exhibit 61?

3 A I can't recall drafting it, but if
4 this was in my inbox --

5 Q On the first day of testimony, we
6 talked about guaranteeing certain market
7 makers to be on platforms on day one of the
8 listing, and I know you said you couldn't
9 guarantee anything. But what representations
10 did you make to Coinbase regarding market
11 makers and -- regarding market makers and
12 their platform?

13 A Yeah. I don't remember it being
14 materially different from the previous
15 conversations, you know, sort of we would ask
16 the market makers that we work with to be
17 there on day one. But -- yeah. That's --

18 Q If you look at the draft and then
19 you look at this letter, there is one sentence
20 under B-8, the second bullet point, the very
21 last sentence, it says, "That added utility
22 should increase XRP's value, another
23 attractive attribute for retail traders." That
24 sentence looks to be like it was taken out.

25 MR. CERESNEY: Where is that?

1 MS. WAXMAN: On Exhibit --

2 THE WITNESS: 62.

3 MR. CERESNEY: Yeah.

4 BY MS. WAXMAN:

5 Q Do you know who would have edited
6 this?

7 A I don't know.

8 Q And what specifically would be
9 attractive for retail traders?

10 A Increased prices.

11 Q The -- under number three, it says,
12 "Though XRP is not a security --" did someone
13 definitively tell you that XRP was not a
14 security?

15 A No.

16 Q Why did you infer that?

17 A This had been the company's stance.

18 Q If you go back to the Exhibit 61,
19 page three, it says -- number three, "Ripple
20 has received a legal memo from a reputable law
21 firm that supports a finding that XRP is not a
22 security under US Securities Laws." Do you
23 know if they provide that legal opinion to
24 Coinbase?

25 A I don't.

1 Q Do you know the date of the memo or
2 anything about a legal memo?

3 A I don't.

4 Q On the second page, in the middle,
5 it talks about digital assets and the SEC
6 guidance and an opinion whether or not XRP is
7 a security. It says, "Perhaps the most
8 compelling, is if Ripple the company ceased to
9 exist, XRP and the XRP ledger will void and
10 could continue." In your opinion, if the
11 company ceased to exist, what would help to
12 the price of XRP?

13 A I don't know. That's a big
14 hypothetical.

15 Q Have you thought about it?

16 A I try not to think about my employer
17 going away to be honest.

18 Q Would it decline in value?

19 A I don't know.

20 Q So looks like in January, 2018, they
21 submitted this. Did they -- when did XRP get
22 listed on the platform?

23 A Early '19, I think it was.

24 Q Right. So did you submit an updated
25 application to Coinbase?

1 A We did.

2 Q And was it in July, 2018?

3 A I think it was, yes.

4 Q Were you involved in providing that
5 updated application?

6 A I was.

7 Q What was your involvement?

8 A If I remember correctly, I ran point
9 on correlating the document, putting it
10 together, and sending it off to them.

11 Q And why did you submit that updated
12 application?

13 A I don't remember why. I can't
14 remember the exact reason why we resubmitted
15 it.

16 Q So it was before the custody
17 agreement that we looked at?

18 A It was, yeah.

19 Q Custody agreement was in October,
20 2018.

21 A That's right.

22 Q This is a big one.

23 (SEC Exhibit No. 63 was
24 marked for
25 identification.)

1 BY MS. WAXMAN:

2 Q I'm showing you what's been marked
3 as Exhibit 63, which is a copy of a [REDACTED]
4 listing application. My understanding is this
5 it is one that was submitted in July. Does
6 that confirm what you remember seeing?

7 A Yeah. It seems to be the one --
8 it's not signed by Brad, but I'm sure it's the
9 same one.

10 Q Did you assist in putting this
11 together?

12 A I did.

13 Q And I just note there is a legal
14 opinion on page 93 at the top.

15 A Page 93?

16 Q 93 at the top. Okay.

17 At the time that XRP was listed on
18 Coinbase platform, was there a lot of chatter
19 whether or not Ripple had paid them any money
20 to list?

21 A Not that I remember or know.
22 Chatter where?

23 Q On social media and in the news,
24 things like that.

25 A I don't remember any.

1 (SEC Exhibit No. 64 was
2 marked for
3 identification.)

4 BY MS. WAXMAN:

5 Q I'm showing you what's been marked
6 as Exhibit 64, which is an e-mail from you,
7 dated February 27, 2019, regarding Coinbase.

8 A Okay.

9 Q Does this refresh your recollection
10 about rumors or information circulating the
11 market about the Coinbase listing?

12 A I mean, again, I don't remember
13 there being a lot of noise around that. I do
14 remember this, obviously. But -- yeah.

15 Q Did you Tweet something about the
16 XRP listing?

17 A Whatever it is they requested me.

18 (SEC Exhibit No. 65 was
19 marked for
20 identification.)

21 BY MS. WAXMAN:

22 Q I'm showing you what's been marked
23 as Exhibit 65, which is just a copy of the
24 Tweet that you, on February 27, from your
25 Twitter account regarding Coinbase. You say,

1 "We're happy to go on the record Coinbase
2 listing the XRP, also not our token. It was
3 Coinbase's independent decision. We did not
4 give them anything to make it happen." When
5 you say Coinbase' independent decision, what
6 did you mean?

7 A I mean, this is verbatim what they
8 wanted me to Tweet.

9 Q So they told you to Tweet it?

10 A They told me what to Tweet and I
11 tweeted it.

12 Q Did you think the custody agreement,
13 like you said earlier, was an olive branch for
14 the listings?

15 A I thought it was an olive branch for
16 the relationship.

17 Q Did you think they would have -- did
18 you think -- do you think this Tweet is
19 accurate?

20 A As far as I know.

21 Q Well, do you think Coinbase made an
22 independent decision to list?

23 A I do.

24 Q Does it maybe it seem like you guys
25 were in -- not in -- strike that. We looked at

1 what was previously marked as Exhibit 9, which
2 was a listing agreement where there was a
3 payment contemplated. So does that refresh
4 your memory as to whether there was any
5 discussions about paying Coinbase?

6 A I don't know what this is.

7 Q Okay. In addition to entering into
8 the custody agreement, did you introduce
9 potential custody clients to Coinbase?

10 A I know we discussed it. I don't
11 remember if we did.

12 Q When you say "discussed it," did you
13 maybe tell Coinbase that you would do that?

14 A I think we said we would be willing
15 to make one introduction to XRP holders who
16 might need custody.

17 Q Did you do that?

18 A I don't remember.

19 (SEC Exhibit No. 66 was
20 marked for
21 identification.)

22 BY MS. WAXMAN:

23 Q I'm showing you what's been marked
24 as Exhibit 66, which is an e-mail chain
25 between Ripple and Coinbase employees, dated

1 in or around October, 2018. I'm just gonna
2 ask you about the first page. So you don't
3 need to read the whole document.

4 A Okay. Okay.

5 Q The e-mail requests a letter from
6 legal counsel confirming that Ripple is not
7 under any investigation by regulators. Ripple
8 doesn't provide that, and then at the top, it
9 says -- [REDACTED] writes, "We are -- we've
10 discussed internally. We have come to the
11 conclusion that we are comfortable based on
12 the documents provided to move forward without
13 a legal response to question number three." Do
14 you know how they got comfortable?

15 A No.

16 Q Could you envision a situation where
17 Coinbase would custody XRP and not list it on
18 its platform?

19 A Yes.

20 Q Do they do that for other assets?

21 A I don't know.

22 Q Have you ever heard of the term
23 Project Fathom?

24 A I have. It's a long time ago.

25 Q Do you know what that refers to?

1 A I don't remember what that is.

2 Q Have you heard the term Five Bells?

3 A I have heard the term Five Bells.

4 Q What does that refer to?

5 A I don't know what that refers to. I
6 don't remember but -- Five Bells? Yeah, I
7 don't remember.

8 Q Last time we met, we spoke about the
9 XRP markets reports and that you had helped
10 draft the reports and that people reviewed the
11 reports and made edits to the report. Did you
12 consider the XRP report a marketing document?

13 A No, no.

14 Q Did you consider it an objective
15 report?

16 A Yes.

17 Q Who reviewed the report other than
18 Brad and Patrick?

19 A Legal, marketing. I think that's
20 it.

21 Q Why did marketing review the report?

22 A They reviewed anything that went on
23 the Web site.

24 Q Did they view the report as a
25 marketing document?

1 A I don't know.

2 Q Did the reviewers of the report
3 change over time?

4 A Yes.

5 Q Okay. When did they change?

6 A As people left or joined the
7 company, we would have different folks in
8 there.

9 Q Who started out reviewing it?

10 A Patrick, Brad, Monica, [REDACTED]
11 Arthur may have been in there a few times. I
12 think that's it.

13 Q Did anyone ever tell you to be
14 nonspecific or vague in the report when you
15 described certain events or actions?

16 A I don't remember.

17 Q Did you want the report to contain
18 more details about the company's XRP sales in
19 both problematic and OTC?

20 A I mean, at any specific point or
21 broadly?

22 Q Yeah. The question is a broad
23 question. I mean, you drafted the report. We
24 spoke about earlier that you were an -- you
25 had encouraged the company to move forward

1 with the increased transparency that the
2 report provided. Did you have an opinion on
3 what to include in the report? You know, did
4 you --

5 A Yes.

6 Q And did you ever want to include
7 more details in the report than there were?

8 A Than there were?

9 Q Mm-hm.

10 A Like in existence? I'm confused by
11 that.

12 Q Did you ever want to disclose more
13 specific details about what the company was
14 doing related to XRP?

15 A I don't remember any specific
16 instance where I would have wanted to do that.

17 Q You said you viewed it as an
18 objective report; right?

19 A Yes.

20 Q And I forget your answer. Did you
21 view it as a marketing document?

22 A Did not.

23 Q Why not?

24 A Didn't come from marketing.

25 Q Did marketing review it?

1 A They had to. Everything that went
2 on the Web site, that was their domain.

3 Q Did the company collect Google trend
4 data?

5 A I don't know if the company did.

6 Q Or purchased it from Google?

7 A Oh, I don't know. I don't know.

8 Q Did you ever use Google trend data
9 at the company?

10 A I didn't. Danuka did -- I think
11 Danuka used it.

12 Q What would the data show?

13 A Which data?

14 Q The Google trend data?

15 A I don't remember there being any
16 particular insights off the top of my head.

17 Q Why would he use it? Why would
18 Danuka use it?

19 A I think he found it -- I'm guessing
20 he found it useful. I'm trying to remember
21 for what purpose.

22 Q Do you know what Google trend data
23 is? I had to Google it.

24 A I don't know in specific, no, I
25 don't.

1 Q Generally?

2 A Generally, I believe it's basically,
3 you know, Google searches for something and
4 kind of the trends around those searches.

5 Q So you can see what people are
6 typing in in relation to XRP?

7 A Or something else, right.

8 (SEC Exhibit No. 67 was
9 marked for
10 identification.)

11 BY MS. WAXMAN:

12 Q Showing you what's been marked as
13 Exhibit 67, which is a deck from July 28,
14 2017, regarding XRP sales. And I have a
15 specific question about page nine.

16 A What page? I'm sorry.

17 Q Nine. So is this the OTC discount
18 rate sheet you mentioned last time?

19 A Yes.

20 Q And you mentioned that, at some
21 point, you didn't use this anymore.

22 A Correct.

23 Q Do you recall when?

24 A I don't. Sometime in 2017.

25 Q Okay. Let's take a break. It's

1 4:14.

2 (A brief recess was taken.)

3 BY MS. WAXMAN:

4 Q We're back on the record at 4:27.

5 Mr. Vias, while we were off the record, did
6 you have any conversations with the Staff?

7 A No.

8 Q Did Ripple ever sell or loan XRP to

9 [REDACTED]?

10 A Yes.

11 Q And when -- when did that happen and
12 what -- was it a sale or loan or both?

13 A I don't remember the exact timing,
14 and I believe it was a loan.

15 Q Okay. And why did it loan XRP to

16 [REDACTED]? Before -- what is [REDACTED]?

17 A [REDACTED] is a digital currency
18 market maker.

19 Q And why did it loan XRP to

20 [REDACTED]?

21 A So that [REDACTED] would have
22 inventory to go provide liquidity on
23 exchanges.

24 Q Do they also have an OTC desk?

25 A They do.

1 Q Did you consider entering into a
2 commit to sell with them?

3 A I think we did.

4 Q Okay. So was it a commit to sell
5 and a loan agreement or a loan agreement?

6 A I think it was both.

7 Q Do you know why you entered into two
8 different agreements?

9 A Because they could do both -- the
10 activities were different.

11 Q So the OTC desk would sell to people
12 who wanted to buy large amounts of XRP over
13 the counter?

14 A Correct.

15 Q Do you know what [REDACTED] is?

16 A No.

17 Q Is it a platform associated with
18 [REDACTED]?

19 A I don't know.

20 Q Were there any hoops that you had to
21 go through to get the deal done with
22 [REDACTED]?

23 A I don't remember particular hoops.
24 I do remember it taking a long time.

25 Q Do you know why it took a long time?